World News Iran admits Khomeini is ill following surgery

Ayatollah Ruhollah Khomeini. Iran's spiritual leader, had an operation for internal bleeding, according to Tehran Radio, in the first official admission that he is ill. Page 6

Wright defended

Defence lawyer for Jim Wright, Speaker of the US House of Representatives, put the case before e televised opening hearing of the House of Representatives Ethics committee. Page 24

East-West ties

Senior East German Communist officials have signalled plans to expand economic ties with West Germany. Page 2

PLO applauds Baker PLO welcomed the strong stand against Israeli expan-sionism taken by James Baker, US Secretary of State.

Weizsäcker elected Richard von Weizsäcker, West German President, became the third President since the Republic was established to be re-elected to a second term

Thatcher meeting

Margaret Thatcher, British Prime Minister, plans to meet F.W. de Klerk, leader of South Africa's rolling National Party.

London under water

Rising underground water levels beneath London aré threatening building foundations: and the underground.

Macao march

Some 120 000 people marched -through the Portuguese colony in support of the pro-democ-racy movement in Peking.

Thai rail crash Passenger train derailed into a ravine in northern Thailand

injuring more than 200, includmg some Westerners.

Tamil killings A Tamil rebel group killed three Indian soldiers in an ambush in eastern Sri Lanka.

Haughey may go Irish Prime Minister Charles

Haughey hinted that be was poised to call a general election after just two years in office.

Soviet airmen doped A Soviet pilot who defected ... to Turkey in a MiG-29 fighter fed colleagues with a drugged

Sudanese clashes Sudan said 460 people were killed and 127 wounded in clashes between rival tribes.

Trawier catches sub A Norwegian trawler caught a 1,500 tonne French subma-rine while fishing north-west of the Shetland Islands, Scot-

Miners killed

Two miners were killed in a rock fall-1,590 metres (4,500feet) below ground at a South African gold mine.

Swedish squeeze An 80-year-old Swedish woman was trapped in a deck chair on her balcony for 48 hours when the cloth split as she sat down. She was uninjured.

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\$1,5635 (1.5805)

FFr10.6800 (10.7525)

Y222.50.(224.50)

DM2.0114 (2.0130)

FFr6.8125 (6.8135

SFrt.7905 (1.7945

FF:6.8000 (6.8025

COLD

SFr1.7875 (1.7930)

MARKETS

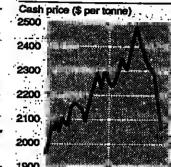
adrid SE Index

INTEREST RATES

Federal Funds 93 %

Business Summary McMahon attacks US initiative on debt crisis

sis. Page 24



Apr 1989 May

to \$2,060 a tonne after Monday's fall of \$127.50. Page 40 ada's largest bank, is restructuring its European operations to focus on corporate banking. Page 25

BRITISH AIRWAYS, UK flag carrier, announced its merger with British Caledonian helped boost the airline's profits to 420m before tax in the year to March 31. Page 25

ASEA BROWN BOVERI, the Swedish-Swiss electrical engi-neering group, signed a co-op-eration agreement with Matsushita Electrical Industrial

AMERICAN AIRLINES, US carrier, intends to buy 100 Saah 340 medium sized aucraft in a deal worth an estimated ..

pany, is raising \$85m through a low priced rights issue of preference shares. Page 25 THOMSON-CSF of France; ding group in military elec tronics systems, is to standar-

dise its military computer .. products using microprocessor chips. Page 27 INDONESIA, the world's larg-

demands from its Japanese buyers to renegotiate long-term contracts. Page 7 CANADA'S Federal government stands to make more

its stake in Air Canada, the national airline. Page 27 SEAS, Danish electricity producer, has defeated a foreign takeover bid from a Luxem

Jomsberg. Page 26 BOVIS. UK construction group, has formed a joint company with Smelt, a Yugoslavian con-

SCHINDLER Holding, interna ional lifts manufacturer, said it "made e mistake" in taking over a stake in the Swiss company Also Holding. Page 26 NEWS CORPORATION, Ropert

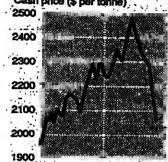
video equipment maker, showed a 67 per cent increase in annual consolidated net profit. Page 28

don computer centre. Some of the Financial Times have been affected.

Sir Kit McMahon, chairman of Midland Bank, the UK bank with the largest exposure to Latin America, attacked a new US-led initiative for dealing with the Third World debt cri-

ALUMINIUM prices fell sharply again on the LME, cash metal shedding \$102.50

Aluminium



ROYAL BANK of Canada, Can-

Co Ltd (MEI) for the sale of robots in Japan. Page 7.

\$776bn, Page 7 BMW. West German car com-

est exporter of liquefied natu-ral gas, is facing strong

than \$420m from the sale of

bourg-based finance company,

tractor. Page 7 -

Murdoch's Australia based : media company, reduced its holding in Northern Star Hold-ings, of Australia, for \$25.5m.

TOYOTA, Japanese vehiclemaker, is to supply engines from Indonesia to Malaysia, expanding Asian operations. VICTOR COMPANY of Japan

DATA supplied by Extel Financial was seriously delayed yes-terday by a flood in the Lonunit trust prices in this edition

STOCK INDICES

2,478.01 (-24,01)

S&P Comp 318.32 (321.98)

2,151.6 (-17.4)

142.37 (Mon)

33,816.61 (-251.25)

Brent 15-day (Argus)

(+0.425)

FT-SE 100

Tokyo

Frankfurt.

\$17,725

1,681.3 (-3.3)

\$19.105. (July)

Dow Jones Ind. Av.

Chinese reformist flies home to rally moderates By Peter Ellingsen in Peking and Steven Butler in London

THE CHAIRMAN, of China's

THE CHARMAN, of China's legislature yesterday cut short a visit to the 'US and returned to Peking in an effort to rally the country's moderate forces.

Wan is planning to convene a special session of the country's National People's, Congress which has legal authority to annul the martial law decree issued last Saturday, according to his close associates. Wan to his close associates. Wan was to meet President Bush

was to meet President Bush before returning home. Wan played a key role in China's agricultural reform earlier in the decade and is one of the country's elder states-men. His return represents a direct threat to Li Peng, the Prime Minister, who came under attack for the first time esterday in reports by the offi-

Wan was quoted saying: "All these problems should be set-tled through democracy and the legal system. The Govern-ment should be rational and

peaceful in coping with this situation." A decision by the NPC to annul martial lew would almost certainly lead to Li's

The Chinese Prime Minister's position looked increas-ingly precarious as he failed for the fourth day to enforce martial law on the streets of the capital and prevent the spread of pro-democracy dem-onstrations elsewhere in the

country.
There were unconfirmed reports that Li had placed Zhao Ziyang, the Communist Party general secretary and his chief rival, under house arrest. This move followed Zhao's epparent refusal to support the martial law decree issued on Saturday, aimed at quelling pro-democ-racy demonstrations on the streets of Peking.

Hundreds of thousands of students yesterday again marched through Peking in pouring rain and called for Li's resignation. Big rallies were also held in Shanghai where workers discussed the possibility of staging a general strike. In Urumqi, capital of the pre-dominantly Moslem province of Xinjiang, dsmonstrators stormed the Communist Party adquarters, while big demonstrations were reported in Changsha, Shenyang, Nanging, and Chungdu. Paradoxically, in a day that saw continued withdrawl of

martial law troops from posi-tions on the ontskirts of Peking, life in the capital city was returning to normal, with some buses and taxis again running, and traffic moving through the streets.

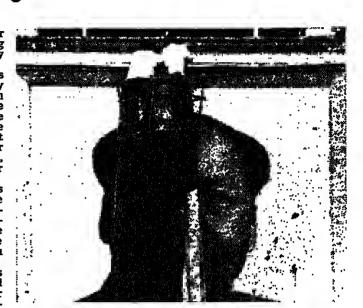
Yesterday's demonstrations were buoyed by a sense of ela-tion that troops had not yet penetrated barricades erected around the city and optimism that Li would be eventally removed. Posters comparing paramount leader, Deng Xiaop-

ing, with the hated Dowager Empress were held aloft, along with, "Li Peng's fall can only be minutes away."

There were tentative signs among some students that they felt their point had been strongly made and it was time to withdraw, but others were determined to maintain the protest until the Government greed to meet demands for dialogue on political reform, press freedom and greater party accountability.

Even though demonstrations have now been raging for five weeks, and some foreign companies are talking about expa-triating their staff from the capital, there was no visible sign of the student campaign The New Chins News

Agency also appeared to herald Li's fall when it reported for the first time crowds of demon-Continued on Page 24 Deng takes his time, Pege 6



Workers prepare to drape a paint-spattered portrait of Mao at the Gate of Reavenly Peace in Peking yesterday

Pound's fall raises UK interest rate pressure

By Simon Holberton in London and Roderick Oram in New York

Sterling

THE PROSPECT of higher UK interest rates to defend sterling was raised yesterday as the pound fell sharply against both the D-Mark and the dollar in late European trading.

Sterling fell back after Mrs Margaret Thatcher, the Prime Minister, said in the House of Commons that the steps taken by Mr Nigel Lawson, the Chan-cellor, would "deal with inflation and get it on a downward

In its seemingly paradoxical reaction, sterling slumped 3 premings to DM3.1450 and nearly 1% cents to \$1.5675 in London. It closed at \$1.5635 in New York. Mrs Thatcher's words were interpreted by the foreign exchange market as indicating official reluctance to increase UK interest rates.
The dollar, meanwhile, again resisted attempts by central

banks to drive it lower amid signs that the Japanese authorcial interest rates and continuing concern about the state of co-operation among the Group of Seven leading industrialised

The US Federal Reserve and the Bank of Canada hoth attempted to force the US currency lower when it dipped below DM2, but their action appeared to fuel interest in the dollar and it rose back above the DM2 level. The Bank of England twice intervened to sell dollars, hut its tactics seemed designed more to support sterling.
The Bush administration

reaffirmed its strong support

Against the D-Mark (DM per £) 3.2

Nov '88

for international policy coordination aimed at stabilising exchange rates, while senior pML9 two weeks ago.

Federal Reserve governors rejected calls to cut interest the possibility that the marrates to help check the rise in kets will now try to test its the dollar. Mr. James Beker, IIS Sarra, democrate ahead of torrorrors's the dollar,
Mr James Baker, US Secretary of State and former Trea-

sury Secretary, stressed the importance of the coordination process "moving forward effectively and efficiently." He said it was "the coordination of underlying economic policies that is going to make a difference in terms of exchange rate stability.

Nsw York foreign exchange traders appeared more cau-tious, after their unchecked hullishness of the past fortnight, in response to conflicttoward the dollar.

ing reports about US policy They said they were unsettled by reports that some Federal Reserve officials wanted to

ease interest rates to lessen upward pressure on the dollar. Profit-taking and the possibil ity of beavier central hank intervention also took their

The chances of the Fed cutting rates were seen as slim, though, particularly after the news that US durable goods orders rose by 2.9 per cent in April, their biggest one-month

gain in two years.
The Fed tried to take advan-tage of the dollar's weakness, bnying D-Marks and yen to drive it down farther but its success was only short-lived. The US currency closed at DM2.0114 and Y142.335.

depreciate ahead of tomorrow's trade figures for Ap Mr Lawson has said that the fight against inflation needs to be bolstered by a firm exchange rate and the Treasury again confirmed that this

remained policy.

London money market interest rates, a guide to market expectations of official interest rates, rose above 13 per cent. The possibility of higher interest rates and the weak pound gave little cheer to the London equity market where prices fell for the second day in Medicine fails to cure, Page 3; Currencies, Page 48; World

US, Bonn Western banks still apart on nuclear By George Graham in Paris arms policy

By Peter Riddell. US Editor, in Washington

THE US and West Germany are still some way epart over the future of sbort-renge nnclear weapons in Europe and their differences may not be resolved before the Neto heads of government summit in Brussels next Monday, Mr James Baker, US Secretary of State, warned yesterday.

His comments follow the receipt in Washington late on Monday of the Bonn response to proposals made by the US last week for resolving the dispute.

It is now apparent that intensive discussions in the past week have failed to remove basic differences over the linkage of negotiations on short-range nuclear weapons with the Vienna talks on conventional forces in Europe. Mr Baker said at a White House briefing that after these exchanges "there is still a gap between their position and ours." He was still hopeful that, it would be resolved before the summit hat "I can't tell you that we know that it will be. It's an extraordinarily important matter that deals with the security of the West," and it should not be resolved

at any cost. This caution contrasts with the optimism last weekend Continued on Page 24 Editorial comment, Page 24; The magnetism of the East,

in Soviet venture

A GROUP of five European

hanks have set up the first joint venture bank in Moscow in partnership with three Soviet banks. The venture, which will be involved mainly in trade finance and funding joint ventures, will inject Western stan-dards of banking expertise into the Soviet financial sys-tem, which President Mikhail

Gorbachev has been anxious to Called International Moscow Bank, it will be majority-owned by its European partners: Banca Commerciale Italiana from Italy, Bayerische Vereinsbank from West Germany, Cre-ditanstalt Bankverein from Austria, Credit Lyonnais from France and Kansallis-Osake-

Pankki from Finland. Each will have 12 per cent.

The Soviet Bank for Foreign Economic Affairs will hold 20 per cent, while Promstroybank, the industry and construction

savings and credit bank, will have 10 per cent. Many Western banks have been eager to set up a joint venture bank in Moscow, posing a difficult choice for the Soviet authorities. The group finally selected includes three of the most active Western commercial hanks in the Soviet Union - Creditanstalt. Crédit Lyonnais and BCI - but not the most important partici-

pant, Dentsche Bank. Bankers involved in the project sey that International Moscow Bank was initially

Moscow staff quotas may hit business

Moscow's decision to limit the number of British employees is likely to restrict future business deals. In London yester-dey, en innovative \$300m trade finance loan was signed for the modernisation of a polyethylene plant in the Soviet Union. Reports, Pages 7

conceived as a 50:50 partnership, but when majority stakes by Western companies became permitted under a change in the joint venture law at the end of last year, the Soviet banks asked the five European institutions to take the majority as a highly visible symbol of the new openness.

The bank is expected to con-

centrate on funding mixed capftal joint ventures between the Soviet Union and the West, as well as on foreign trade finance. It wil take corporate and institutional deposits, and carry out foreign exchange and securities transactions. Around 70 per cent of its lending activity is expected to be in convertible currencles.

with the rest in roubles. Its operations should help Soviet bankers scoulre enhanced skills in commercial credit Continued on Page 24 Moscow signs \$330m trade finance deal, Page 7; Spy row will hurt UK-Soviet business,

Page 24

UK drops opposition to tighter EC car exhaust emission rules

By Tim Dickson in Brussels TOUGH US style car emission standards could be introduced in Europe more rapidly after a U-turn by Britain.

European Community officials in Brussels say the UK has reversed its previous position and decided to back the EC's revised proposals to move to stricter exhaust standards by 1993. The policy change, which emerged during discussions in a working group of EC member

states, is important for the campaign of Environment Commissioner Mr Carlo Ripa di Meana, to get a "qualified majority" vote at the Council of EC Environment Ministers on June 8. Preliminary soundings suggest that Britain's conversion to higher standards could tip

the balance in the Commis-

Italy, for example, has made

clear its willingness to join the "green" camp led by West Ger-many, the Netherlands and Denmark. Only France and Spain among the so-called dirty countries with big car industries are reserving their

The suddenness of the EC's change of gear - prompted by pressure from environmental groups and the European Parliament – has surprised many observers and has important implications for the European car industry. The Commission's latest plans envisage a two-step approach so that the standards

agreed last November - 30g per test for carbon monoxide

and 8g per test for a combina-tion of nitrogen oxide and hydrocarbons – would have to he introduced by January 1

1991 and the second stage (19g and 5g respectively) would be

obligatory by 1993. The UK position, which will emerge in a dehate in the House of Commons tonight, accepts the higher norms and the fact that they are manda-

tory. However, Britain and others are likely to argue against the intermediate stage in favour of a simple one-step solution, while the UK will also insist that the sort of national incentives introduced in the Nether-lands to encourage quicker application of the US norms be disallowed.

Britain apparently feels that the lean-burn technology which it has backed, hut which cannot meet the higher US norms in an economic form, still has a bright future. It recognises, however, that only three-way catalytic converters will be able to meet the Commission's requirements.

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sion's favour.

West Germany celebrates its 40th anniversary



in a changing international environment, examination of where Germany's interests lie has been consider

> Kohl's coalition. Page 22 Commercial Law

ably muddied by Irres-The limits of globalisation . olution and blckering in Chancellor Helmut UK: Auctioning off the air waves

48 48 Letters ... Lex .

Hungary: Failed by Comecon the country looks Managements Restructuring a Malawi conglomerate ... Technology: Cleaning up a West German coal-fired power station . Editorial comment: Where Europe is leading:

Investment: Healthy discipline of private Lex: Markets; BA; Gold; Coloroll; Chloride ... 24 Stock Markets -Wall Street

Companies World Trade ... Britain Companies torial Co

Financial Futures 48 Raw Materials 29-30 29-30 -- 23 -- 24 -- 14 -London Unit Trusts

3-mth Treasury Bills: yield: 8.564% (8.588) SF:1.7875 (1.793) Long Bond: 102% Y141.95 (142.05) (same) yieid: 8.593% (same) London close 13,5% (13,3)

New York latest

on economic package

By Robert Taylor in Stockholm

THE final package of financial measures aimed to cool down the overheated Swedish economy was published yesterday, after agreement was reached between the ruling Social Democrats and the small Centre Party which should ensure its passage through Parliament before the summer recess.

It will involve the removal of

an estimated SKr18bn (£1.7bn) from the economy. Measures

• Compulsory savings for individuals and companies of 3 per cent of their taxes from 1 September this year until the end of 1990. An interest rate of 7 per cent will apply for those who save less than SKr3,000 and 3.5 per cent for those who are compelled to save more than SKr3,000. This makes it more favourable for the lower

• An environment tax of 1.5 or cent on companies to last from 1 September this year until 31 December 1990.
A 10 per cent duty to be charged on all investments on new huilding in the Stockholm-Uppsale area, which is systematic courter. extremely overheated.

• increased taxes on oil and

electricity to encourage energy little resemblance to the pro-posals revealed just over three weeks ago by Sweden's finance

minister Mr Kjell-Olof Feldt to cool the economy, which involved a tax on employment and a rise of 2 per cent in indirect taxation. But his proposals failed to win majority support in Parliament, where the rui-

overall majority, and they aroused ferocious opposition from trade unions. The resulting crisis aroused speculation about an early general election, but the Centre Party broke with its old allies, the Liberals and the Moderates, in accepting some respon-sibility to formulate a set of restraint proposals that were

ing Social Democrats lack an

acceptable to it.

Yesterday Mr Feldt was philosophical about the outcome, although he is known to be sceptical on whether the proposed strategy will succeed in restraining inflationary pressures in the economy, suffering from wage demands fueled by low unemployment and e labour shortage.

Correction

Yesterday's account of a meeting in Brussels of European Community education ministers incorrectly referred, in some editions of the FT, to a meeting of health ministers. It also named the British educa-tion secretary as Mr Kenneth Clark, not Mr Kenneth Baker.

Swedish parties agree | E Germany looks cautiously to West | Weizsäcker wins

Committee muddies waters round air crash

ber when accusations were flying that an Italian or Nato military aircraft might have fired the missile, the committee exonerates virtually all previous suspects, including the Libyan air force.

including the Libyan air force.

Political reaction was suitably caustic, with a cross-party demand that the Italian parliament now set np its own inquiry. Most attention has focused on the report's conclusion that the possibility of a bomb explosion on board the aircraft should not be ruled out, despite the fact that technical analysis has pointed to an explosion

By Leslie Colitt in Berlin

HIGH-RANKING East German Communist officials have signalled plans to expand eco-nomic ties with West Germany while keeping a tight lid on political reforms.

Senior economic and politi-cal advisers to the party's cen-tral committee said East Germany favoured "joint venture-like agreements" with West Germany in particular. "The climate for expanding such contacts between our two countries is extremely good," an official said.

Flagging trade with the Soviet Union and Eastern Europe was to be put on a more commercial basis, ha said.

The East Germans were addressing an international conference on East Germany in

By John Wyles in Rome

AT SHERATON LITTLE THINGS MEAN A LOT 🕝 AT SHERATOH LITTLE THINGS MEAH A LOT 🕟 AT SHERATON LITTLE THINGS MEAN A LOT

"Ustica, it's now an endless mystery," pronounced one Italian newspaper head-line yesterday, on the results of the latest committee of inquiry into the loss of an Itavia DC9 with 81 lives in sea north of

Sicily in June 1980.

The committee'e report, released by the prime minister's office, not only failed to back any explanation of wby the aircraft crashed without warning, but it also cast doubt on the conclusions of other investigators that it had been hit by a missile.

Set up by the government last Novem-

the 1990s which was held in both East and West Berlin by the Aspen Institute. The offi-cials stressed that East Germany needed above all political stability and not Hungarian or Polish-style political or eco-

nomic reforms The Soviet Union cannot afford to have a Tbilisi here, one Central Committee adviser said sharply, referring to the nationalist unrest in the capital of Soviet Georgia.

East German officials have warned that forcing Soviet-style glasnost on East Germany would unleash uncon-trollable demands.

A member of the East German delegation, however, acknowledged his country's dilemma by noting that East Germany could achieve stability only by giving democracy and human rights a higher priority. Voluntary identification by citizens with the state was sential, he said.

Tempers flared at the conference over Bast Germany's human rights policies. In a dis-cussion held in the East Ger-Wolfgang Schenk, a former Green deputy in the West Ber-lin legislature, said East Ger-man border guards continued to open fire on East deto open fire on would-be escapers despite East-West agree-

ments on human rights.
Dr Herbert Krolikowski, East
Germany's First Deputy Foreign Minister, replied that
"measures were taken at the
border only in an extreme situpened to persons who did not

The East-West German verbal claches surprised even Soviet and Polish participants at the conference. A Polish Communist MP reminded East German officials that they would soon have to get used to opposition voices in the Polish Parliament which "may not

Parliament which "may not appeal to you."

The East German participants included Professor Otto Reinhold, head of the central committee's Academy of Social Sciences; Mr Rolf Reissig, deputy head; and Mr Helmnt Roziolek, director of the party's Central Institute of Economics. Mr Ryszard Wojna, deputy head of the Communist Party in the Polish Parliament. Party in the Polish Parliament,

outside the DC9 as the cause of its loss. While ruling out equipment or structural failure, the government sponsored inquiry suggests that the missle theory is weakened by the absence of any activity in the area by by either Italian or allied military forces. It also tame across no evidence to support "insimunitous" that radar evidence from stations at Marsala and Licola had been doctored, while the fact that some relevant radar tapes have been destroyed could be explained by the normal "thinning" of archives.

AT SHERATON LITTLE THINGS MEAN A LOT

second term as Bonn president

By David Goodhart in Bonn

MR Richard von Weizsäcker, the West German President. has become the third President since the Republic was established - exactly 40 years ago yesterday - to be elected to a econd term.

second term.
His election yesterday, in
Bonn's uninspiring Beethovenhalle, was marked by the combination of solemnity and drabness that is typical of state
occasions in West Germany.

occasions in West Germany.
Tense if was not; there were no
other candidates, and all the
main political parties, except
the Greens, had endorsed Mr
von Weizsäcker's second fiveyear stint.
However, by winning 881
votes out of a possible 1,022 in
the Federal Assembly (Bundesversammlung), he achieved the
second highest percentage of
the vote in the nine presidential elections since 1949. The
highest ~ 88.2 per cent — was

tial elections since 1949. The highest ~ 88.2 per cent — was achieved by Mr Theodor Heuss on his re-election in 1954.

Mr von Weizsäcker is increasingly regarded as the most impressive president since Mr Heuss. Possibly helped by the poor public image of Mr Helmut Kohl, the Chancellor, he is also said to have elevated the office itself — which has few formal powwhich has few formal pow-

The dashing 69-year-old lib-eral Christian Democrat, whose father was the senior civil servant in the Foreign Office during the war, is thought to have struck exactly the right note over the German the right note over the German past, and through his countless foreign trips has been in the forefront of improving West Germany's image in the world. While appearing increasingly above party, he has not let the office stiffe his own views. He

recently spoke out for the West-German government position in the Nato dispute and earlier this year controversially par-doned a former left-wing ter-rorist. Partly because of that



ond highest percentage of votes on re'election

pardon, some right-wing Christian Social Union members did not vote for him yesterday.

The ceremony was marked by two enduring features of the new Germany: division and federalism. Mrs Rita Süssmuth, precident of the Bundestay. president of the Bundestag, regretted that the ceremony could not take place in Berlin,

could not take place in Berlin, and greeted German citizens on both sides of the border.

The federalism was evident in the make-up of the Federal Assembly, which meets only once every five years for the purpose of electing the president, and consists of all members of the Bundestag plus an equal number of people nominated by the 11 states (including West Berlin).

ing West Berlin).
For the first time the states nominated some figures from show business and sport. Two actors from Munich missed their flight to Bonn and footballer Pierre Littbarski seemed only concerned about a training session with FC Cologne, who face a top-of-the-table battle with FC Bayern tomorrow. The magnetism of the East, Page 24

At Sheraton, we go out of our way to look after our guests.

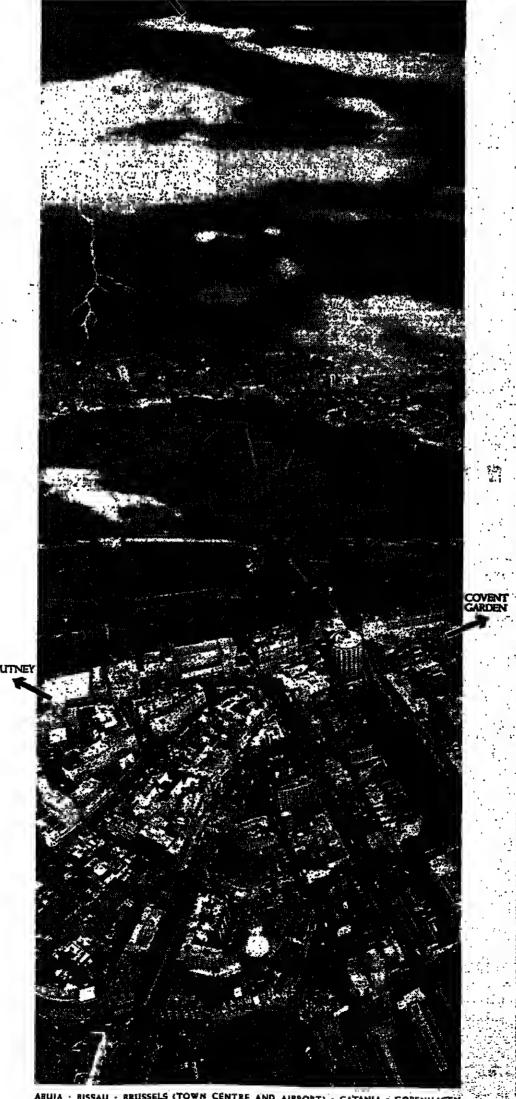
One rainy evening (in London, where else?) the Front Office Manager at the Sheraton Park Tower decided to become a Taxi Driver.

As everyone knows, you can never get a taxi when you really want one - a fact of life our Porter and a number of guests were being reminded of that evening.

So our Manager stepped in and offered lifts to the guests. Two accepted. Instead of driving straight home to Putney (in the south-west of London, across the Thames), she took one guest to Covent Garden (east of the West End) and another to Bayswater (north of Hyde Park), neither exactly en route.

In every Sheraton we work to a motto: "Little things mean a lot," exemplified in this case by a temporary change of job that helped two guests to keep dry and keep their appointments.

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AT SHERATOH LITTLE THINGS MEAN A LOT . AT SHERATON LITTLE THINGS MEAN A LOT . . AT SHERATON LITTLE THINGS MEAN A LOT AT SHERATON LITTLE THINGS MEAN A LOT

Soviet reformers fight for status of new Congress

By Quentin Peel in Moscow

Communist Party were fighting a rearguard action yesterday to ensure that the Congress of People's Deputies, the ment; is given a leading role in deciding future legislation.

They fear that the 2,250-member body, elected in the most open elections in decades, will be relegated to being a rubber stamp for the decisions of the subsidiary Supreme Soviet. That body may be dom-inated by traditional members of the party and state bureau-

However, they appeared to have won a small victory yes-terday, when the presidium of the outgoing Supreme Soviet, chaired by Mr Mikhail Gorbachev, agreed to submit propos-als both to the Congress and to

as both to the Congress and to the Supreme Soviet.

Only the barest details emerged yesterday of a crucial procedural debate going on in the Kremlin, following a stormy plenum of the Commu-nist Party central committee on Monday.

nist Party central committee on Monday.

At the same time, the strug-gie between radical reformers and the conservatives in the party continued on a second front, with a furious new denial from Warner front, with a furious new denial from Mr Yegor Ligachev, the leading conserva-tive in the Politburg, of any suspicion of corruption. His statement was published in Pravda, the leading party

newspaper, yesterday, denouncing such suggestions as an ettack not only on him-

REFORMERS in the Soviet self but on the entire party

gator from the state proseculandslide election victory in the city of Leningrad. He said Mr Ligachev had been mentioned in anti-corruption inves-

Now Mr Ivanov and his partner, Mr Telman Gdlyan, who together uncovered a network together uncovered a network of corrupt party officials in Uzbekistan, are themselves under investigation for allegedly illegally harassing and interrogating suspects.

Mr Gorbachev presided over two crucial meetings yesterday, including a "party group" of Congress deputies, clearly intended to co-ordinate strat-

intended to co-ordinate strategy for the session opening on Thursday.

The only detail to emerge came from the meeting of the Supreme Soviet presidium. According to Tass news agency, the session was to prepare meetings of the forth coming congress as well as "prepare meetings of the forth-coming congress... as well as submitting... decrees... for endorsement by e Supreme Soviet to be elected by the Con-gress", the implication being that only the Supreme Soviet would consider legislation. At the end of the meeting, however. These souls it has

however, Tase said it had agreed to "submit to the Congress, and to the new Supreme Soviet, a number of documents drawn up with account taken of suggestions from people's deputies."

Fifteen die as Kurdish guerrillas fight Turks

TWO individual clashes reported yesterday hetween security forces and Kurdish separatist guerrillas served as an ample reminder that the Turkish government still has a serious insurgency problem in the south-east of the country, Jim Bodgener reports from Ankara.

The total death toll from the incidents was 15 - three sol-diers and at least 12 terrorists the highest for a long time. Since 1984, the security forces and partisans of the Marxist Kurdish Workers' Party have been waging a mini-war in the region; spring is traditionally their most

The first firefight on Monday night was in mountains near the town of Eruhin Siirt province, and killed 12 members of a guerrilla band and two sol-

The second was not far distant near Sirnak in the same province, and was still continu-

ing last night, having already claimed the life of a captain. However, yesterday there did not appear to be any direct link between the two skir-

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agress

Take lead in talks on naval forces, Nato urged By David White, Defence Correspondent

THE WEST should take the lead in maritime arms control and offer talks with the Soviet Union on sea launched cruise missiles, a leading UK navalpolicy expert said yesterday. Such a move would be designed to pre-empt a unilateral Soviet initiative aimed at undermining Nato's naval

strength.

The call was made by Captain Richard Sharpe, editor of Jane's Fighting Ships, the 1989-90 edition of which was

published yesterday. Captain Sharpe, a "hawk" on be able to scrap some outdated vessels, but European navies

East West issues, said navies could not be exempted from



Public debate in Tokyo

on raising discount rate

Eurayama; warning

in Sapporo yesterday that if an increase was not made in a timely way, the bank might later have to tighten credit rap-idly, a move which could destabilise international monetary

and capital markets.

He and other Bank of Japan officials have been arguing that the dollar's rise is undermining Japan's efforts to maintain price stability because it pushes up the cost of imports. argument, the Ministry of

Planning Agency have been arguing against a discount rate increase. Miti is particularly sensitive about Japan's trade relations, and does not want to see any action that might dampen the domestic economy or import growth. Mr Hiroshi Mitsuzuka, the Miti minister, told reporters yesterday that any discount rate rise could any discount rate rise could slow the expension of domestic demand for imports, and that in turn would have an adverse effect on the yen-dollar rate.

The EPA, in a monthly report on the economy published yesterday, said flatly that prices remained stable and there was no need for an early discount rate rise.

Meanwhile, the ministry of finance, which has the largest say in formulating economic policy, is still uncommitted. Mr

policy, is still uncommitted. Mr Tatsuo Murayama, the Finance Minister, warned yesterday against increasing the discount rate now in response to exchange rate movements. MoF officials believe that even

MoF officials believe that even if the rate were raised, it might not stop the dollar's rise.

They say that if the discount rate is to be raised, it should be done only in response to trends in the domestic economy. They are waiting for wholesale and retail price index figures this week before forming a view.

Bundesbank medicine fails to cure

D-Mark still pale after the usual prescription, writes Haig Simonian

doctor visiting a normally healthy patient and finding the usual medicine no longer works, West Ger-many's Bundesbank has been coming across as uncharacteristically fumbling in the world's currency markets. After all, the 0.5 percentage

point rise in key German interest rates introduced last month was the well-tried medicine to perk up the lacklustre D-Mark, which has not only been looking depressed against the dollar but, to a lesser extent, many of its other key trading

According to the tested formula, higher rates should have strengthened the currency and, most important, inoculated it against that most pernicious of German diseases, imported

The almost simultaneous announcement last month that the detested withholding tax, only introduced in January, is soon to go should have made the cure all the more certain. International investors have been cold-shouldering the D-Mark since the news of the unpopular tex first leaked out in October 1987. That the D-Mark should

have recovered instanta-

neously was not a foregone conclusion. But that it should

have so singularly failed to react to the Bundesbank's med-

DM140bn.

icine at all is one of the many conundrums in the foreign exchange markets at present and undoubtedly a potent factor behind the dollar's continued rise. Coupled with the Bundes-

bank's conspicuous absence from the forex markets - in contrast with most of its G-7 counterparts — recent events
have fostered the impression
that it is in a dilemma and has
lost confidence. The judgment
is perplexing. For the D-Mark's
case, if difficult, is hardly terminal.

minal.

Economic growth this year will not reach last year's surprisingly buoyant 3.4 per cent, but the 3 per cent level for 1989 now widely expected is hardly a poor showing. Meanwhile, the trade surplus looks set to rise even higher than the record DM128bn (£40bn) generated in 1988. Figures for the first quarter of the current year showed a 44 per cent rise year showed a 44 per cent rise to DM36bn, pointing to another record full year result of about

And developments on the monetary front are not bad. True, M3 money supply growth is still outside the Bundesbank's approximately 5 per cent target for 1989, but the rate of growth appears to be slowing. Figures for April showed growth of 6.2 per cent against the fourth quarter of last year, compared with 6.3

cent in February.

Only inflation presents a less certain picture. Some observers are already doubtful that the country will meet the Bundesbank's 3 per cent inflation forecast rate for the year, with talk already in some quar-ters of 4 per cent. But part of the rise in prices has been of the Government's own making following its decision to raise certain consumer taxes this

And some economists reckon that the demand for credit, which they argue is a promi-nent factor behind the rising inflation rate, has already peaked. Nipping the danger of higher inflation in the bud was the main intention behind the Bundesbank's surprise decision to raise interest rates last

In particular, its regional bosses - whose antennae are supposed to be most closely attuned to developments in the husiness sector - were con-cerned about companies becoming more inclined to accept, and pass on, price rises. The head of one leading heavy engineering group faced a demand from his major steel supplier for a 7 per cent price

rise this year, coupled with a

compulsory 10 per cent volume increase. The resolute execu-

tive turned down the ultima-

tum, meaning that for the first

has begun a new financial year without having tied up its supplies in advance.

Other industrialists may have been less resolute. But ironically, the shock interest rate rise last month may have contributed, or even triggered, the present impression in the markets of impotence, or at least myddle on the next of the least muddle, on the part of the Bundesbank.
Rather than being praised

for having caught the market by surprise, as with the con-certed intervention which squeezed dealers and restored the dollar's value at the end of 1987, the market has focused instead on the differences within the German central bank, which came to a head in the interest rate increase last

Hence the market perception that the bank has lost direction, perhaps having caught a dose of the same chronic deci-sion-making malaise that has ruled in the Government for so

More important, the bank's refraining from intervention has sometimes been read outside Germany as a sign that its anti-inflationary credentials have been dented rather than just a reluctant admission that, with the dollar a one-way bet at present, heavily intervening is like throwing good money

Bonn wants EC to talk in German

By David Goodhart in Bonn

Government has begun a dis-creet campaign in Brussels to have the German language elevated to the status of third "working language" alongside French and English. Mr Helmnt Haussmann, the Boun Economics Minister, has

been leading the German ini-tiative, which is, however,

considered to have little chance of snccess in the medium term.

All nine EC languages are described as "official" hnt French and English are the proving languages of the EC. working languages of the EC institutions and the languages in which all EC documents are printed. There is a delay, sometimes of several weeks, before the most important documents are than translated into all remaining languages. It is this delay which the Economics Ministry finds irk-

The initiative is seen by some in Brussels as further evidence of Germany's renewed political and cultural self-confidence. But it will be a hard slog to convince officials to break with the long-estab-lished rule of thumb that English is acceptable as a second language to northern Enrope and French to southern Europe.

days. Mr Satoshi Sumita, gov-ernor of the central bank, said **US** frustration at impotence on policy

By Peter Riddell, US Editor, in Washington

THE recent npsurge in the dollar has left policymakers in Washington frustrated about how little they can do to check the rise and concerned about the longer-term implications for any reduction in the US trade deficit.

A SURPRISINGLY public row is raging among Japanese government ministers and officials over whether the official discount rafe, currently 2.5 per cent, should be raised in the next few days.

The row comes against the background of renewed turmoil in the world's foreign exchange markets. Yesterday, the dollar jumped to Y14135 on the Tokyo market V1.5 higher than Monday's close. The fact that officials are arguing publicly may also be a reflection of the present lack of political direction in the country because of the government's preoccupation with the Recruit scandal.

The sharp and unexpected rise of the dollar in the past few days has added to growing

concern in many quarters about inflation breaking out in the country. However, some government officials are more worried about Japan's bloated

trade surpluses and fear rising interest rates may depress the economy and thus reduce

The Bank of Japan, which has the primary responsibility for inflation, has been signaling fairly clearly its eagarness

to raise interest rates in recent .

Until late on Monday the administration was largely silent on the issue, having learnt that talk about currencies without action is almost invariably counter-productive... But the pressure of the mar-kets — plus a report of a change in US official attitudes away from international policy co-ordination towards a more

free market approach - forced a public statement. The report, in the New York: Times, was strongly denied by the White House, which said the rising dollar was a matter of concern and reaffirmed its commitment to co-ordination among the Group of Seven industrial countries on policies to "promote the adjustment of external imbalances as well as

co-operating in exchange mar-Yet the evident impotence of co-ordinated efforts in face of market pressures has raised the issue of whether the US can take specific action itself. The administration view has in part been that the strength of the dollar reflects political as much as economic factors,

By Judy Dempsey in Vienna NATO diplomats cautiously

welcomed new Warsaw Pact figures presented yesterday to

tional forces in Europe (CFE)

However the proposals, which complement the Pact's recently released figures for

overall alliance ceilings, were seen as less ambitious than

Western suggestions made on

Yesterday's figures cover the maximum number of man-

power in forces in a particular category that an individual country may hold, and the

maximum number of weapons that members of each alliance may station outside their own

The Pact proposed that con-

ventional armed forces in any one state must not exceed 35-40

per cent of the overall level of the conventional armed forces in Europe, Nato had already

the element of a surprise attack through the establish-

ed limits of 30 per cent in its March 6 proposals.

These talks aim at reducing

gotiations on conve

Nato welcomes new

Warsaw Pact figures

with the US currency providing a safe investment haven at a time of international turmoil. As Mr Nicholas Brady, the

US Treasury Secretary, put it somewhat vividity, "You have a million Chinese rioting in the streets, You have Nato in an unsettled state of affairs. You have, in Japan, lack of clear definition of leadership really for the first time since the Second World War. So it doesn't surprise me that people pause for a moment and want to put their money in a country where the people have settled their leadership question."
As: always in Washington there are, however, divisions of opinion, Some members of the

administration believe it is now safe for the Fed to cut. Interest rates, to reduce upward pressure on the dollar. The policymaking Federal Open Market Committee lastweek apparently reconfirmed. approach of the last three months. This means that monetary tightness should be maintained as long as there is uncertainty about the inflationary trend and the level of

economic activity. The political pressure for an interest rate cut is, however likely to grow as part of a broader attempt to restore credibility to the policy co-ordi-

ment of a secure and stable balance of conventional forces

at lower levels from the Atlan-tic to the Urals.

Nato diplomats yesterday

pointed ont that the Soviet Union would still have almost half the total number of tanks

in Europe even after it has uni-laterally withdrawn, as prom-

the lines now under discussion.
They add that at the moment

no western country holds more

than 6 per cent of all the main battle tanks. There are already indications that Nato is pre-

pared to press the Warsaw Pact fer lower sufficiency lev-

On the stationing of forces

on foreign soil, there was a wide discrepancy between the Pact proposals and those of the

West because of differences in the definition.

None the less, diplomats say that both sides can now get

down to "the serious business

the arms control process.

Nato, which regards the protection of Atlantic seaways as essential to its defence, has so far strongly resisted attempts to extend arms control talks to

However, Captain Sharpe said Moscow could easily

afford to make unilateral cuts

in submarines and ships in the

same way as it had done in armour and troops, and once

more upstage Nato allies in public relations terms. In return, the US might also

were not in this position.

naval forces.

ised, 10,000 tanks from East Europe and agreement in Vienna has been reached along

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Reckitt & Colman sales for 1988 were £1,394.04 million. Pre-tax profits grew by 14.1%. When your brands are household names worldwide, manufactured in 35 countries and





& (phew!) Colman.

Li and Zhao slug it out in China

Colina MacDougall in Peking says it would be premature to predict a winner

uprising and political struggle unfolds in the Chinese capital, it is not easy to predict what the final act will bring.

Anyone remotely connected with the power structure is testing the wind by the minute to check which way to tack. The army, still poised on the outskirts of Peking ready for possible intervention, has had second thoughts about its role in suppressing unarmed dem-onstrators and could throw its weight either behind the government of Li Peng and its martial law declaration or the studeot demonstrators.

Any papering-over of political cracks after the extraordi-nary events of the past six weeks must he impossible. The compromise double act between Zhso Ziyang - the reform-minded party geoeral secretary and the conserva-tive Li is out. The immediate options would appear to be either a Li or a Zhao leeder-

ship.
Deog Xiaoping, the architect
of China's ecocomic reforms and the country's political kingmaker, is the unknown factor io this equation. Who will he back and will his choice turn out to he acceptable? Peking residents do not like

him any more than Li Peng.
"Xiaoping ont! Li Peng out!" a
huge troop of cyclists chanted
as they rode in triumph round Tiananmen Square in the early dawn three days ago as the

army, ordered in to clear the square, failed to show up.

Until now Deng, who has never evinced much eothusiasm for political reform, has sided with Li. But if the price forces and pristless was to of peace and privilege was to throw Li to the wolves and side with Zhao, he might well do it. State President Yang Shangkun is believed to be an important sonrce of power for Li Peng. As a retired general he has strong army connections and his younger brother has a senior army post. There are dozens of Yang relations sprin-kled around the Chinese High Command. This has earned the

army the nickname of the Yang Family Village. Many liberal Chinese and most foreigners argue that a Yang-Li victory in the present crisis would be a severe blow to China. "They're like a new Gang of Four", said one bitterly. "Corruption pollutes the army because of them. The Yang children bays always

sbort his visit to the US is

more than enough to set hearts pounding for old China watch-

ers. Peking is beginning to res-

play in which an ancient cast of characters comes tottering

on stage for ooe last hurrah.

Sheer statistical probability means that hy next time

arouod Pekingologists will

have to learn a new set of char-

acters but today the old men are still powerful and the rules

of the game, when push comes to shove, also have probably

It is a game in which formal

positions in the government and the communist party are

less important in raw power terms than who you know and

changed little.

By Steven Butler

family and they constantly exploit the connection".

On top of that what many see as their ignorance and

incompetence could do untold damage. "They don't care about the outside world," he declared. "The reforms will be damaged, the intellectuals shelved and China will miss the development hus again.

Hong Kong, or at least the peo-ple that make it worth while", said another Chinese. "All our clever young people will emi-grate. Hardly any come back from studying abroad as it is". A Li regime could do consid-

erable damage to foreign busi-ness and little to help China'e alresdy faltering economy. Many see him as an arrogant bungler who got where he is largely because be was adopted as a child by respected former Premier Zhou Enlai. China is already suffering

from the harsh clampdown on the economy imposed by Li and his economic aide, Vice-premier Yao Yilin last autumn. A fall in production, a rise in inflation and growing problems over cash to pay farmers for the crucial grain harvest have struck. Li and Yao, stuck in the 1950s with Stalinist central planning policies, bave few

Many rich provinces on the east coast would groan to see the profits of receot years shrink or depart under a more egalitarian regime to prop up poorer regions. incentives might be phased ont, private business squashed.

With many having already tasted economic freedom, Li's strait-jacket would be resented, leading to growing resistance from the provinces. The frag-mentation and warlordism which has so often plagued China in unsettled times might once again come to bedevil the world's most populous country. Unlike most Chinese leaders Li is still only 58 and his lead-

couple of decades. For the economic and politi-cal health of China, Zhao would seem to be a better bet. Economic reform might take off again, though slowly, and a measure of political reform could help to pacify students and others depressed by the

ership could therefore last a

lack of political reform. In the longer term the odds seem stacked against Zhao, even if he wins the present round. His visit to Tiananmen to see the students last week raised him in their estimation.

a crucial role, and when the

calling in favours.

crunch comes it is a time for

guerrilla leader who was closely associated with Liu

Shao-qi, the communist leader

who was the principal villain of the Cultural Revolution (and

posthumously rehabilitated in

1980). Wan was hranded a

"bourgeois reactionary" in 1966 and dropped out of sight for

five years. His political fortunes were

subsequently associated with the rise and temporary fall of

Deng Xiaoping, hut Wan played a critical role after

Deng's emergence as architect of a new reforming China in 1979 – serving as Agriculture

Wan is an old revolutionary



Students protestors sleep in Tiananem Square in front of the Gate of Heavenly Peace

hut as yet there seem little evi-dence that he has the stature and political cunning necessary to stay on top in Peking. Whoever emerges to grasp the reins of power it is certain

that the country's leadership will face tremendous problems in re-establishing control after so many weeks of paralysis.

The party's image is worse than it has ever been, and the prevailing view - that party leaders run the country like their personal estates - has been displayed all over Peking on banners and posters along with the most cruel personal criticisms of Li and Deng. If the winner was Zhao, the sense of purpose and patrio-tism that Pekingers have discovered in this test of wills, might at least be used to fuel a

fresh drive towards a better

unlike Li Peng, the Prime Min-

ister, part of a group of leaders who helped to make economic

It is therefore not surprising that he is returning to Peking to throw his weight hehind

Zhao Ziyang and against the Prime Minister — and behind

continuation of the reform pro-

gramme, although this has

undouhtedly become a second-ary issue after sheer political

Li Peng is now understood to have received the backing of

Wang Zhen, an ancieot revolu-

tionary (born 1908) whose cre-dentials are so impeccable that

he came through the Cultural

Revolution nnscathed. He "retired" in 1985. Also lining

reform a reality.

of 120,000 protesters SOME 120,000 people filed into Macao's narrow streets yesterday to march through the Por-

Macao halted by march

tugese colony in support of the pro-democracy movement in Peking, AP writes from Hong Students, workers, teachers, civil servants, businessmen and native Portuguese joined the march, which paralysed the colony's traffic for two

The marchers handed an open letter to the Macao hranch of the Xinhna News Agency, China's unofficial representative in the colony, which is to revert to Chinese

The old men and the game they play for the prizes of raw power

They urged Chinese Premier Li Peng to step down, pro-tested against Peking's press restrictions and promised to support the students in Peking.

Meanwhile, marches contin-ued for the fourth consecutive day in Hong Kong, the British colony scheduled to revert to Chinese rule in 1997.

About 8,000 technical insti-tute students marched on Hong Kong Island while 2,000 students from the City Poly-technic of Hong Kong boycot-ted class and marched in downtown areas of the Kow-

'Emperor' Deng takes his time to consider options

By Peter Effingsen in Peking

AS CHINA, in the midst of an AS CHINA, in the minst of an historic people's power revolution, struggles to give birth to democracy, the man responsible for both the raising of the hamboo curtain and ordering in the troops, paramount leader Deng Xiaoping, mysterionsly absented himself from Peking.

Peking.
The 84-year-old patriarch with, up to now, absolute power over a fifth of the world, left the capital shortly after the declaration of martial law on Saturday and is now said to be in the central Chinese city of Wuhan.

Wuhan.
Why the emperor should be fiddling in the provinces while Peking is hurning with revolution is unclear, hut many believe Deng is making a desperate effort to rally the army before his puppers in the government — and even he bimself — are toroled.

himself – are toppled.

Deng, who seized power from the notorious "gang of four" after the death of chairman. after the death of chairman Mao Zedong in the late 1970s, is the architect of China's 10-year-old open-door policy and, before last week, the country's nndisputed king-maker.

That he, as chairman of the central military commission, should have to lobby generals to ensure his survival is an

to ensure his eurylval is an indication of the enormous gravity of the five-week-long student democracy campaign that has rocked the ruling Communist party and left the Chinese capital in the hands of

According to Chinese sources, he convened a meeting of major leaders of seven military area commands in Wuhan at the weekend to discuss the upheaval and to discover where the army

Though commanders in Though commanders in Guangzhon and Lanzhou have assured Deng of their willingness to suppress the students, the Peking military command, the 38th division, and the 27th army, have reportedly refused to use force against the students and those suppressing their stand

against the students and those supporting their stand, So Deng, who is behind prime minister Li Peng's declaration of martial law and in favour of wielding the big stick, must now take into

account the facts that he is so fend of promoting as a basis

for judgment.

The plan might be an option in Tibet, isolated from world view and peopled by ethnic. Tibetans, but when it comes to mowing down Han Chinese in the capital, Deng must take into account international appropriate and his place in opinion and his place in

The first says don't do it and the second was summed up by the second was summed up by two highly respected retired army marshalls, Nie Rongzhen and Xn Xiangqian, who this week advised cantion and promised the army would not attack students. As Xu, a close friend of Deng's told the supreme leader by telephone, "whoever opens fire at the students will be fired at, too."

As posters and cries in Peking this past week have clearly demonstrated, Deng clearly demonstrated, Deng and Li are hated by a majority of the protesters for their harsh line on the student campaign. Even Li's stepmother, Deng Yingchao, widow of the much loved former premier, Chou En-Lai, has reportedly said she will resign from the Communist Party if force is used and senior leaders, including Wan Li chairman of the National Li, chairman of the National
Peoples' Congress, China's
parliament, have stood up to
Deng by talking of "patriotic
students" instead of hlindly
adopting Deng's adopting D characterisation

characterisation of counter-revolutionary conspirators.

All this has boosted the prospects of the liberal-minded party secretary, Zhao Ziyang, who is widely believed to be under house arrest following his failure to toe the line.

Zhao, the only senior figure with any credibility with

with any credibility with protestors, has agreed to meet student demands for a dialogue leading to political reform, press freedom and a way of making the top leader accountable.

If a year, or even two months ago, someone had predicted such a statement from a top politician, no one would have believed it, but these are strange and exciting days for China, as the people force fairness on to their leaders.

Khomeini undergoes surgery, says Tehran

By Scheherazade Daneshkhu in London

AYATOLLAH Ruhollah Khomeini, Iran's spiritual leader, underwent an operation yesterday, apparently to halt internal bleeding, according to Tehran radio.

Alarm bells have been rung many times before on the state of the 86-year-old Ayatolian's

of the 86 year-old Ayatolan's health, but the radio announcement was the first official admission that he is ill. His son, Hojatoleslam Ahmad Khomeini, was quoted yesterday as saying on Iranian television that the Ayatollah was recov-ering well after the operation. According to the Ayatollah's According to the Ayatollah's office, surgery was carried out to stop internal bleeding in the digestive tract. Last June, CBS news reported CIA sources as saying that Khomeini was dying of liver cancer and would live for only three months. An operation such as that carried out yesterday, if Khomeini had cancer, would indicate a life expectancy of indicate a life expectancy of around four to five months for a man of his age, according to

medical evidence.
Certainly, in the past few
years, Khomeini has seemed
only a shadow of the man who was throst into power by mil-lions of Iraniansin the tumultuous revolution which over-

threw the Shah in 1979. Ayatollah Khomeini has not been seen in public since February, when he received Mr Ednard Shevardnadze, the Soylet Foreign Minister, at his Tehran residence, although the past few months have seen a lot of political activity, much of it undertaken in his name.

in March, the man elected to succeed Ayatollah Khomeini, Ayatollah Montazeri, withdrew under pressure, raising specu-lation of an intense behind-the scenes battle for the leadership. It now appears likely that the moves to depose Montazeri were given added impetus hy the state of Khomeini's health, which may be even more seri-ous than the radio reports sug-

Ayatollah Khomeini's death would leave a gaping hole at the top of the Iranian political system. Official statements, as well as the Iranian press, have admitted the gap will be impossible to fill.

The main contenders for effective power are the Ayatol-lah's 42-year-old son, Holatoleslam Ahmad Khomeini, and Holatolesalm Hashemi-Rafsan-jami, the speaker of the Iranian parliament and acting com-

mander-in-chief.

Neither, however, has the rank suitable for the post of "supreme religious leader" and the constitution provides for a 3-5 man leadership council man leadership council should no one be up to the task. However, the Government is already besieged by a plethora of overlapping execu-tive and administrative councils, which, far from solving the deadlock in government, have served to fuel economic

and legislative paralysis. Moreover, in last Friday's prayers, President Ali Khame-nei expressed dissatisfaction with bodies made up of more than one member. "Two indi-viduals will not do," he said "There must be a single authority with sufficient pow-

Ahmad Khomeini, who has been identified with the fundamentalists in government, has no official position but his access to Khomeini through his role as his father's private secretary places him in a potentially powerful position. He made his first public statement in years just a week ago when he wrote to Ayatollah Montazeri outlining the rea-sons for his downfall and giv-ing him advice for the future. Ahmad Khomeiri and Res Ahmad Khomeini and Rafsanjani are popularly considered to be rivals. However, though they disagree on some matters, notably foreign policy, the executive reform heing indertaken in the country has undertaken in the country has been very much at Rafsanjani's behest.

Commander says Gurkha | Peres vows cuts may be unnecessary

By Michael Marray in Hong Kong

MAJOR GENERAL Garry by the review.

Johnson. commander of the He noted that no timetable Johnson, commander of the Brigade of Gurkhas, yesterday said he hoped the proposed cutback of the hrigade from 8,000 men to 4,000 might he unnecessary. He gave a can-tioue welcome to an announcemeot on Monday by Mr George Younger, the British Defeoce Secretary, on the future of the

Gen Johnson said in Hong Kong that he expected future manpower shortages in the British army might eventually make the cut unnecessary. "The 4,000 figure to me is a baseline," he said, adding that he was pleased to eee the basic brigade structure left in place several years

had been fixed for force reductions, and that no change in current deployment was planned before the withdrawal of a Hong Kong battallon, in 1992 at the earliest.

Most Gurkhas serve in Hong Kong as part of the 48 Gurkha Infantry Brigade, the principal army formation in the terri-tory. The scheduled 1997 hantory. The scheduled 1331 handover of sovereignty to China has cast e chadow over the future role for the Nepalese units within the British army. Mr Younger said in his that the reductions would take

Roh link to funds probe

By Maggle Ford in Seoul

SOUTH KOREAN opposition leaders have asked the Government to reveal the truth about s newspaper report linking president Roh Tae Woo with abuse of political funds by his predecessor, Chun Doo Hwan. The demand follows last week's agreement between the opposition and the ruling party over the terms of Chun's testimony in the National Assem-

bly.

The former leader will be facts asked to disclose the facts about corruption, brutality and abuse of power during his regime. The article, published anonymously in a political

monthly magazine, claims that Chun contributed a large sum to Rob's presidential election campaign in 1987 and that Roh's declaration of political reforms in June that year was really the work of the then

Observers believe the article was based on statements by hardliners who are determined to avoid any further investigations into the last regime.

A number of senior members of the ruling Democratic Justice Party have received letters warning them to stop harassing those involved in the previ-

to move on banks

By Hugh Carnegy in Jerusalem

MR SHIMON PERES, Israel's Finance Minister, said yesterday he would press on with measures to strip controlling shareholders of the country's banks of special voting rights, clearing the way for the sale of the Covernment's majority. the Government's majority holdings in the banks.

He said he was prepared to offer the existing owners "small compensation" in return for agreeing to equalis-ation of voting rights equiva-lent to 2 or 3 per cent of equity. But if the banks did not reach agreement within 30 days he would enforce share equalisation by legislation.

He ruled ont a proposal from within his own ministry to offer the existing controllers first refusal in a subsequent sale of the government holdings, leaving them open to competition if they want enlarged equity.

Mr Peres, Labour Party leader, stressed that the Gov-ernment did not want to nationalise the banks, in which it acquired majority, but non-voting, stakes after bank shares collapsed in 1983. It plans to sell the banks one by one to the private sector.
Officials said the Government would avoid nationalisation by dslaying implementation of equalisation of voting rights in each case until a sale had been concluded.

under way China's leaders will be scrambling to use all means at their disposal to undermine their opponents. Yesterday's New China News Agency despatch, which for the first time reported that students were calling for the downfall of Li Peng, would in ordinary times be a signal that Li had definitely fallen from grace, and applicably rowers. probably power. Equally possi-ble in today's China, however, is that control over the official news agency has fallen to Li's opponents, and that in fact the jury on Li's future is still out. Deng Xiaoping's early flight to Wuhan to meet with regional army commanders reveals the hand of a master of the art, because in the end

THE sudden return to China of Wan Li, the 73-year-old chairman of China's National People's Congress, after cutting of the more independent on the property of the pro known octagenarian political govern China long without rotated to prevent regional loy- and embarrassed when it took hard liner.

In the allow struggle now Although the Chinese revening too a severe beating at the hands imbedded. lution has been mythologised

as a victory by a peasant guer-rilla force, in fact the Red Army, as it was known then, came to most parts of China as a conquering force and set up gardsons in strategic parts of the country. With revolutionary power growing out of the barrel of a gun, to paraphrase Mso Zsdong, revolutionary government was difficult to distinguish from military

power in the early years.

And with Mao's theories of a people's war governing military strategy for so many years, troops were deployed broadly throughout the coun-try, rather than concentrated at border posts, and given ter-ritorial responsibility. Com-

During the Cultural Revolution this came in extremely handy, as Mao was generally able to call on the loyalty of local commanders to support his radical factions against the opposition. When it was the student Red Guards who needed to be put down, the troops also came in handy. Wuhan was the scene of bloody fighting in the Cultural Revo-lution, amid a complex struggle for military support among factions. However it took more than a decade to pry the Peo-ple's Liberation Army out of schools and factories where they had taken command, and sometimes residence.

This was a painful experience for the Army which

ese forces in 1979 when it invaded to "teach Vietnam a lesson". The army is still nurs-ing those wounds, and smarting under a programme that has seen cuts in the size of the army and its budget.
Perhaps as significant as the
army's failure to move decisively to back martial law in

Peking this week, however, it is reluctance so far to intervene directly and to dump Li Peng. This is surely because the army leadership is just as divided as the politicians. As long as this situation persists, the outcome of the current struggle will hang in the balance. Army commanders will be men on the chessboard for all the politicians.

Egypt launches diplomatic attack on Syria

Jordan and the Palestine Liber ation Organisation, Mr Hosni Mubarak, the Egyptian President, immediately embarked on a diplomatic offeosive against Syria's hard line Mid-dle East policies and the pres-ence of some 35,000 Syrian troops in Lebanon.

Mr Safwat Sharif, the Egyp-

tian Information Minister, quoted Mr Muharak as calling for the withdrawal of Israeli and Syrian troops from Leha-non. President Saddam Hus-sein of Iraq, who supports Leb-

EGYPT wasted no time yesterday in reasserting itself in Arab diplomacy after being readmitted to the Arab League at summit in Morocco.

With the hacking of Iraq.

With the hacking of Iraq. Assad of Syria.
President Muharak was quick to pnt behind him

Egypt's ten years of isolation in the Arab world since his in the Arab world since his predecessor, Mr Anwar Sadat, signed the peace treaty with Israel in 1979. He plunged immediately into the elaborate intrigues of Arab in-fighting.

At a dinner for heads of state on Monday night hosted hy King Hassan of Morocco, some Arab leaders are said to have

Arab leaders are said to have agreed to push for a Syrian mid-1970s, but the other token withdrawal and to try to Arab unit in the force subse-

force. Significantly the hard-line leaders of Libya and Syria, who arrived only yesterday, were not present at the dinner. Also absent for health reasons was King Fahd of Sandi Arabia, who is known to be anxious about the rise of Iraq after last year's ceasefire in the Gulf War with Iran, and is therefore said to be giving Syria a measure of support. Syria a measure of support.
Syrian forces technically

have an Arab League mandate to be in Lebanon. They were there as first of an "Arab Deterrent Force" following the outbreak of the civil war in the

quently left, leaving Syria as the dominant military power. It is thought that Syrian It is thought that Syrian agreement to Egypt's presence at the summit was given in exchange for promises of mild resolutions on Lebanon, but it remains to be seen if this deal can survive the strain of the rivalry between Syria on the one hand and Iraq, Egypt and the PLO on the other.

Mr Farouq al-Sharaa, the Syrian Foreign Minister, this week accused Mr Yassir Arafat, the PLO leader, of weakening the Arah stand in the Arab-Israeli conflict. Mr Esmat Abdel Meguid, the Egyptian Foreign Minister, in turn told Syria to stop obstructing Mr Arafat's diplomatic offensive.

Thatcher plans meeting with S African party leader

MRS Margaret Thatcher is planning to meet Mr P.W. de Klerk, leader of South Africa's ruling National Party and its probable next state president. The talks, scheduled for late June or early July, reflect the British Prime Minister's view that reform in South Africa is best brought about by contact rather than isolation.

The expulsion from Britain earlier this month of three Sonth African diplomats following the exposure of links between Protestant extremists. in Northern Ireland and South Africa's state-controlled arms industry will not, it seems, be

this policy.

Mrs Thatcher, who met Pres-

ident P.W. Botha at Chequers in June 1984, stressed the value of contact with leading South African politicians in the course of her visit to Africa in March this year.

There is a "new group at the top" in South Africa who "are willing to take the necessary steps" when Mr Botha steps down, she said during the tour.

Mrs Thatcher and her advisers see the emergence of Mr de Klerk as the near-certain suc-cessor to President Botha, who

allowed to stand in the way of Africa's general election on September 6, as an encouraging development. But she has ruled out any visit to South Africa until Mr Nelson Man-dela, the leader of the African National Congress, is freed.

The proposed meeting with Mr de Klerk would take place at Chequers, the British Prime Minister's country residence, rather than Downing Street, in order to avoid anti-apartheid

demonstrators. Mr de Klerk, who is also expected to visit Washington this summer, set the tone of the National Party's election retires soon after South campaign in a speech earlier

this month. Attacking the extreme right Conservative Party, he warned that "excluding the majority from full participation, as the Conservative Party wants to do, is unjust and will inevitably lead to conflict out and sure bly lead to conflict and finally

bly lead to conflict and finally to revolution."

But he also criticised the liberal Demoratic Party, describing its support for one man one vote on common voters' rolls as "totally unacceptable" because it "will inevitably lead to majority rule and domination." The National Party's own prosposals remain vague. own prosposals remain vague,

urged to join peace process THE Afghan government yesterday urged rehel commanders of the Mujahideen

Afghan rebels

guerrilla alliance to join the peace process in Afghanistan and said military victory was beyond reach, Renter reports from Kabul. President Najihullah said rebel leaders had made a mis-

take in rejecting his peace pro-posals and accused Pakistan of fanning the flames of war in The Government put on dis-play, seen as an effort to split the rebels, four guerrilla com-manders who said they had opted to end the decade-long war and press for peace follow-ing Rebrusty's Saidst these

ing February's Soviet troop withdrawal. The four said at a news conference that they commanded a total of 6,200 rebels.

"We don't want our country to be cut to pieces," one said.

WORLD TRADE NEWS

Moscow signs innovative \$330m trade finance loan

By Peter Montagnon, World Trade Editor

AN INNOVATIVE \$330m trade finance loan was signed by the Soviet Union in London yesterday, despite the spying row which is threatening to disrupt. Anglo-Soviet relations.

Angio-soviet relations.

The deal has been in preparation for several months and may be a special case which offers no indication as to how the course of commercial rela-tions between the two countries may be affected by the spying allegations.

It is intended to finance modernisation of the polyethylene plant at Buddyenovsk in the South Russian province of Stavropol and is related to a

project regarded as integral to economic restructuring. Part of the work will also be carried out by Linde of West Germany, which is not involved in the

spying row. The loan, assembled by Morgan Grenfell, the UK merchant bank, is unusual in that lending banks will depend for repayment on the commercial success of the project.

The loan will be made available to Asetco, a joint venture between John Brown Engineers, Morgan Grenfell, Moscow Narodny Bank, two Soviet chamical enterprises Soviet chemical enterprises, rules for and Giproplast, the Soviet finance.

design institute, which was incorporated in the Channel Islands last year to handle

Lending banks are taking the risk that the proceeds from this will be sufficient to meet debt service needs, but they will be indemnified by the Soviet government if the plant fails to meet its delivery sched-

Part of the loan, amounting to around \$80m, will be backed by the Export Credits Guaran-tee Department under its new rules for private sector project

Asea in Japanese robot deal

Robert Taylor in Stockholm

ASEA BROWN BOVERI, the Swedish-Swiss electrical engineering group, has signed a co-operation agreemant through its Japanese subsid-iary Gadelius with Matsushita Electrical Industrial Co Ltd (MEI), one of the world's largest consumer electronics manufacturers, for the sale and distribution of robots in the

Jonanese market Amouncing the co-operative venture yesterday Mr Bjorn

Weichbrodt, ABB robotic's group president said that the company regarded it as "an excellent development of our presence in Japan". ABB hope to double their present robot market share in Japan of around 8 per cent. The presi-dent of Gadelius, Mr Goran Holmquist said that the agreement was a "natural step towards the further strengthening of the company's posi-tion in Japan".

ted to take several months.

Japan sold Ecn35.8m (\$36.5m) of tapered bearings to

the Community in 1988, up

from Ecu27m in 1987; roughly a third of all EC imports. Euro-

pean producers allege that the dumping margin - the gap between Japanese and EC

prices - has widened significantly since dnties were imposed. This is because the

costs of the four Japanese producers involved have increased in recent years, during which

they have continued to reduce their EC export prices, says:

European producers' profits

Mr Sukeji Hoh, MEI's director of corporate production engineering believes that it marks the "beginning of fur-ther co-operations between the two companies in other areas of business as well as factory automation.

At present ABB is the biggest foreign robot importer into Japan and the agreement with MEI should strengthen its toehold in a highly competitive and difficult market.

Failed by Comecon, Hungary looks West

Tougher market, but does wonders for your competitiveness, writes Leslie Colitt

HUNGARIAN proposal to shift the nation's trade away from Comecon to the West seemed certain to produce a sbarp reaction from the Soviet Union, its largest trading partner.

But so enormons are the problems of the East bloc trading group that even this prospect caused scarcely a ripple at its beadquarters in

Moscow.
Officials in Budapest openly accuse Comecon of impeding accuse reforms. Hungary'a economic reforms. Hungary, they note, is unable to wait until Comecon reforms its own barter-like trade system. It cannot continue repaying \$18bn in hard currency debts while conducting 50 per cent of its

trade with Comecon.

The proposal to shift more Hungarian trade to the West was made by a government committee under Mr Rezso Nyers, the father of Hungary's economic reforms and minister of state responsible for the sconomy. But implementing such a shift would take time Meanwhile, it was suggested that Hungary's trade with the Soviet Union be placed on a "hard currency accounting basis", an idea taken up by Mr Karoly Grosz, the Hungarian Party leader, at his talks with Mr Mikhail Gorbachev last

March. Mr Grosz said the

Soviet leader had agreed the two sides should try it out in their bilateral trade.

In the past Hungary sold meat and other "hard" goods — products which could be sold to the West — to Moscow for dollars. Last year Hungary had a surplus of \$183m in this hard current trade with the Societ Union

Soviet Union.

Mr Peter Msdgysssy, the deputy Prime Minister, noted that trading in hard currency could be expanded to those Comecon members which were willing to take the risk. Mr willing to take the fisk, Mr Nyers even beld ont the prospect of a "socialist Benelux" gradually coming into being as a sub-trading group within Comecon. This would includa Hungary, Czechoslovakia, Poland and

Yugoslavia. Hungarian experts calculated that a radical changeover to hard currency in Hungarian Soviet trade would at first entail a loss for Hungary of 1.5bm forints (\$23.5m) annually. Mr Medgyessy, however, said that in the long run Hungary would gain by exposing itself to competition from Western companies in the Soviet market.

Unlike some Hungarian politicians who even spoke of joining the European Community, he said Hungary

had no "realistic chance" of deepsr involvement there. Instead Budapest should seek to establish good trading relations with the EC and gain the benefits of "being close to the fire".

Estimates differ on bow Hungarian companies would fare if they tried to sell appreciably more products on Western markets. The Institute for Economic and Market Research in Budapest estimated that only one in

HUNGARY'S TRADE Total (\$bn) Com % 1986 1987† 1988† 9.2

thrae Hungarian companies would survive while the Industry Ministry suggested that at the most one quarter

would emerge intact.

But the Hungarians are unanimons in noting that Comecon's most recent goal of creating a common market is yet another illusion. Hungary's former representative to Comecon, Mr Jozsef Marjai, bluntly told an executivs committee meeting of Comecon last year that "non-existent

markets could not be unified". Mr Nyers said s unified Comecon market could only be created if the national economies of member-states were reformed

A fall of 9 per cent this year - for the second year in succession - in Hungarian-Soviet trade to 9bn ronbles (\$13.3bn) has led to considerable difficulties for a number of large Hungarian companies, especially in mechanical engineering.

Soviet exports to Hungary of oil and gas were affected by the drop in energy prices (calculated in Comecon, like all products, on a sliding five-year avarage) which meant that Hungary was recording surpluses in its balance of trade with the Soviet Union. Unlike in the West, however, a surplus in Comecon trade is undesirable as the surplus cannot be used in trade with another Comecon country and amounts to an thus

interest free loan.

The basic problem, as Dr
Gerd Biro of the Hungarian
Economic Chamber noted, is
that Comecon is a "seller's market" which means that its members are interested in boosting imports and not

The structure of Hungary's trade with its Comecon partners is such that a

considerable part of the manufactured goods require costly hard currency inputs from the West as well as state subsidies. The withdrawal of some of these subsidies to trim tbe huge Hungarian budget deficit has led to mounting losses on the part of large Hungarian companies.

Ikarus, the leading bus manufacturer, which exports 80 per cent of its production to the Soviet Union and East Germany, suffered a heavy loss on these sales because of the widening gap betwean inflationary costs of production in Hungary and the price of

Mr Marton Tardos, a rominent Hungarian prominent ecocomist, noted that although Budapest wants a freer system of trade with Moscow the risks are large. Hungary has a significant "short-run gain" from trading with the Soviet Union as it can sell goods to Moscow which are not competitive in the West.

The predicament, therefore, is that if Hungarian companies cannot produce internationally

cannot produce internationally competitive goods, they are better off trading with the Soviet Union and other Comecon partners. But as long as Hungarian industry remains largely linked with the Comecon market it will be unable to compete in the West.

Brussels launches inquiry into anti-dumping duties

By William Dawkins in Brussels.

THE European Commission it can produce a ruling, expecyesterday launched an inquiry. into whether to increase antidumping duties of up to 45 per cent levied on heavy duty roller bearings imported from

The move was triggered by a complaint from the Federation of European Bearing Manufacturers' Associations (Febma), representing the EC's seven main producers of tapered roller bearings, based in West Germany, Spain, Italy, France and Britain. Tapered bearings are used in turning mechanisms that carry too much strain for normal ball bearings. Febma had produced enough

evidence of artificial underpricing to justify a new look at have, as a result, fallen so far dumping duties imposed on that the protection existing imported Japanese tapered duties give has proved inadedumping duties imposed on imported Japanese tapered duties give has proved inade-roller bearings in 1985, said the Brussels authorities. Tag Commission has asked all involved Bearings, Koyo Seiko, Nippon to comment within 30 days so Seiko and Nachl-Fujikosin. Brussels authorities. The Com-mission has asked all involved to comment within 30 days so

set for Saab

American deal Indonesia faces

AMERICAN Airlines intends to buy a hundred Saab340 medium-sized aircraft for its fleet in a deal worth an estimated SKr5bn (\$775m), one of the higgest ever made in Swedish industry, writes Robert Taylor, in Stockholm.

Details were leaked out in the United States yesterday. The purchase involves American Airlines buying 50 of the planes with an option on buy-

ing a further 50.

The troubled aerospace divi-sion at Saab will receive a welcome shot in the arm with this greement that underlines the international success of its 340 plane has had in civil aviation with as many as 28 operators. Even before the American Airlines deal its annual sales were totalling SKr2bn.

INDONESIA, the world largest exporter of liquefied natural two long-term sales contracts,

two tong-term sales contracts, writes John Murray Brown.
In Jakarta this week Pertamina, Indonesia's state oil company, begins talks with representatives of the Japanese gas companies and power utilities on revision of the basic pricing formula, and the terms for the offtake of the gas.

The negotiations have a vital bearing on Indonesia's LNG earnings, which were worth more than \$3bn (£1.76bn) in 1988 and are proj-ected to succeed oil as the country's chief export and of government revenue.

gas price talks

gas, is facing strong demands from its Japanese buyers to renegotiate the conditions for

Bovis sets sights on East

By Andrew Taylor, Construction Correspondent

construction group, has formed a joint company with Smelt, a Yugoslavian contractor, to pur-sue work in Eastern Europe. sue work in Eastern Europe.

Bovis is project manager for two of Europe's biggest construction contracts, the Europisney complex in Paris and the £1.3bn first phase of the Canary Wharf office development in London's Docklands.

The British company is mak-

The British company is making a push to break into European markets. It recently established a a joint company with Senator Project Manage-ment Services of Düsseldorf in West Germany and also has a 50 per cent stake in a French

British company Bovis Copra.

Smelt, based in Llubljana, has worked widely in the Soviet Union and has contracts in China, Argentina, and Iran. Bovis said the joint venture would compete for contracts worldwide but its main thrust would be in Eastern Europe.

It is one of several British construction companies seeking work in the Soviet Union. John Brown, the engineering subsidiary of Trafalgar House, is part of a consortium which is to undertake £120m worth of modernication work on nolymodernisation work on polyethylene plants at Budyennovsk and Kazan.

UK in Jakarta loan talks

By John Murray Brown in Jakarta

BRITISH aid officials start negotiations with Indonesia this month on a UK government soft loan with both sides urging greater flexibility in an attempt to get more projects

off the ground.

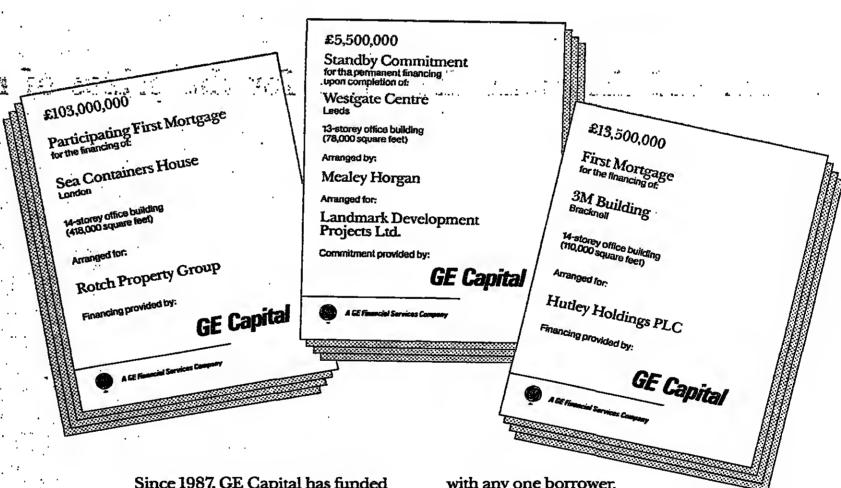
The UK is anxious to improve on the performance of its first soft loan - a £140m line of credit to support UK exports, £85m of which was left urused after two years of conunused after two years of con-tract nsgotiations. That amount is now to be added to a f100m protocol signed in

December. Indonesia, a country of 170m people, has long been an important market for capital equipment sales. With its economy recovering, many donors expect project business to pick

A team from Britain's Overseas Development Administra-tion (ODA), was in Jakarta in April for talks with Bappenas, the Indonesian Planning Ministry. Next month will see the main aid consortium in the

Hague. Power is expected to be one sector where there is UK interest. PIN, the state electricity utility, has announced a \$4.5hn expansion scheme for the 1989-1994 five year plan, 83 percent of which is to be financed by foreign aid. In 1985 Indon. by foreign aid. In 1985 Indonesia established a priority list for aid projects financed by

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Shamir says US plea for realism is 'useless' Argentine crisis forces

By Robert Mauthner, Diplomatic Correspondent

MR Yitzhak Shamir, the Israeli Prime Minister, yesterday rejected the call by Mr James Baker, the US Secretary of State, for Israel to renounce its annexation of the occupied territories, its "unrealistic vision" of a Greater Israel and the expansion of Jewisb

Mr Shamir, at a press conference after his three-day visit to Britain, said Israel could not agree with Mr Baker's statements on Monday about "some positions of Israel or other matters government's peace initiative. He said It was "useless" to raise these issues.

But he said Mr Baker's comments about Israel's peace initiativs were "fully initiativs were acceptable to us." Mr Shamir was referring to his two-stage plan for elections in the occupied territories to initiate interlm reglme of Palestinian self-rule for five years, during which negotiations would be held for "a permanent solution" to the Palestinian problem.

atmosphere" of his talks with Mrs Thatcher, hs conceded that the British Prime Minister had andorsed no more than the principles of the Israeli peace initiative and had stressed that many of its details had yet to be worked out.

A British government spokssman said on Monday night that Mrs Thatcher had told Mr Shamir that his election plan, though "a useful step forward," offered no magic solntion to the Israeli-Arab conflict. Mrs Thatcher had underlined the importance While underlining the underlined the importance extremely friendly Britain strached to "early

political progress" in the occupied territories and had stressed that a settlement of the problem must involve swapping "territory for peace."
Mr Shamir side-stepped the question of whether Israel would ever trade land for peace, leaving only the timest chink for a compromise. "I

the outcome of tha negotiations about a permanent solution." Either side would be able to table whatever proposals it wanted. But he stressed that for a

cannot say now what will be

would naturally have to be approved by both parties.

Mr Shamir bluntly rejected any suggestion that Israel Organisation because with the Liberation whatever 4 renouncing terrorism, it

By sitting down with the PLO, Israel would legitimise its demand for a Palestinian state. A Palestinian state would inevitably become a military hase with the aim of

way, the administration can

ing to be flexible, continuing its apparent metamorphosis

into a responsible political organisation,

This step-by-step approach is very different from the ideas favoured in Europe, such as an

international peace conference, for resolving the Palestinian uprising and the Arab-Israeli

dispute. Mr Baker - infin-enced by Mr Dennis Ross, his

policy planning director – believes that such an ambi-tious approach is doomed to

tail if pursued too soon. As he said in his speech: "A quick

move to negotiations is

unlikely. In the absence of either a minimum of goodwill,

or any movement to close the

gaps, a high visibility American initiative has little basis

Gradualism should not obscure the fact that the Bush

dministration knows where it

wants to go and that this goal is likely to be at some cost to

Israel. As Mr Baker said in an

continued to carry out terrorist

Menem towards the helm.

Gary Mead reports on the worsening economic problems souring the Peronist election victory

R Carlos Menem's souring. The third largest economy in Latin America is today a ship broken loose from its mooring, hurtling towards the rapids of hyperinflation. Mr Menem, who won the presi-dency for the Percuists, is dis-covering that imminent disas-ter is forcing him to take the

helm long before he intended. He is due to take over the presidency on December 10, the date fixed by the constitution for President Raul Alfonsin to hand over. But Argentina's economic collapse has tossed that lengthy time-table aside. Mr Menem will

take over sooner than December. The question is when.
Uncertainty obscures every major issue in today's Argentina, including this one. So far this week, June, July, September and October have all been mentioned as possible dates for the transition. But the actual date for the transition is frankly academic. The nation needs a solution this week for the most serious economic cri-

sis in living memory. Next week may be too late. The solution requires a political consensus which does not yet exist and perhaps has no chance of being agreed in the near future. And the political consensus requires an economic consensus because Mr Menem has said he wants a complete inventory of ths state's current economic situation before he will agree to an early takeover.

He has also firmly ruled out agreement to any emergency economic package based on increased public sector tariffs, and fresh taxes. He wants an immediate, substantial across-the-board wage increase by as much as 60 per cent.

But the government is with-out funds. Tax revenues have dropped drastically in the last few months, central reserves

sury bonds is beginning to mature at an alarming rate 250m was due to be paid to bondholders on Monday but the emergency bank holiday has postponed that crisis for a few days - and foreign financial help remains a distant

Retail price inflation this month will probably surpass 60 per cent, wholesale more than per cent, wholesale more than 90 per cent. June will be worse. Only the cushiens people have already provided for themselves, including the estimated \$5bn under mattresses and the second and third jobs. that many have, are prevent-ing ontright smash-and-grabs

in food stores.
Interest rates have soared to 300 per cent a month. Several top banks now have state-appeinted officials inside them, running operations. Under

Some bankers are talking about refusing to open their doors when the emergency bank holiday imposed this Monday is finally lifted

Argentine law the central bank is the final guaranter of private bank deposits. Some bankers are talking about refusing to open their doors when the emergency bank holiday imposed this Monday is finally lifted — which now may not be lifted — which now may not be before next week.

They are scared that the

recent run will shift up a gear. leaving them without anything to give to anxious depositors. The political clash between victorious Peronists, who are arguing that it is possible to

are less than \$500m, short-term spend a way out of the crisis, public debt serviced by treaprinting of money, and gloomy Radicals who have harely had time to lick their wounds from May 14, is endangering the greatest success of the election, the reinforcement of peaceful democratic transition of government

Neither party is willing to shoulder the burden of making hard decisions concerning the true cause of Argentina's true cause of Argentine's always simmering inflation, the state's Micawberish propensity to overspend. Last year the state daily lost \$8.5m. It could afford to do so thanks to foreign creditots who found themselves facing a de facto moratorium on their \$60hn worth of Argentine debt.

worth of Argentine debt.
The Menem camp — no cabinet ministers have yet been named - feels that the crisis is the responsibility of the Radicals. The Radicals are now cals. The Radicals are now threatening to make Menem's position impossible, at least until December and perhaps March next year. They can do so by simply refusing to attend Congress sessions; Congress will then fail to gather a quorum, and thereby all legislation that the Peronists might what to introduce will be blocked at the first hordle.

blocked at the first burdle.
The real danger now is that
the need to reopen the banks will force the Radicals to unwrap an economic plan which lacks Mr Menem's backing. That package will either tackle the state's lack of thrift and incur the wrath of Peronists and their supporters. Or the package will again be full of short-term holding measures which will usher in currency depreciation and inflation Weimar-style. There is a feeling today that the country is at a historic crossroads. The choice is to head towards Bolivian ansterity or Peruvian indifference to economic laws. Argen-tina's politicians know that both roads are bumpy.

Baker talks tough on Middle East peace

Lionel Barber reports on Washington's drive to create an Israeli-Palestinian dialogue

URING the 1980s, the American-Israel Public Affairs Committee (Aipac) gained a reputation for being one of the richest, most powerful lohbying groups in Washington, a mouthpiece for Israel which Senators and Congressmen ignored at their

On Monday, Mr James Baker, US Secretary of State, chose Aipac as the forum for delivering a speech described hy one Middle East expert at the State Department as the toughest official remarks on the Middle East conflict he had heard in seven years.

To silence from the 1,200

Aipac members, Mr Baker declared that it was time for Israel "to lay aside once and for all the unrealistic vision of a Greater Israel . . Forswear annexation, stop settlement activity, allow schools [in ths West Bank and Gazal to re-open, reach out to the Palestinians as neighbours who deserve political rights," To Arabs and Palestinians,

Mr Baker said it was time to end the economic boycott of Israel, to "repudiate the odious line that Zionism is racism," to amend the Palestine Liberation Organisation's covenant which calls for the destruction of Israel, and to drop the dialogue of violence in the intifida (uprising) into a dialogue of politics and diplomacy."

It is a long time since a senior US official uttered such unambiguous language - or addressed the conflict in such an even-handed manner without the customary emotional Bank and Gaza to produce a references to Israel as an

embattled ally.
People tend to remember how Mr George Shultz, the pre-vious US Secretary of State, always went "on-the-record" and was often incomprehensi-hle. Mr Baker likes to go "offthe-record" or "on deep back-ground" and is often stunningly blunt. That Mr Baker decided this week to go public with his blueprint for Middle East pescemaking snggests that something is afoot.

It would be easy - but wrong - to conclude that the administration is losing patience with Mr Yitzhak Shamir and his ruling Likud-Labour coalition, and that it does not have much confidence in Mr Shamir's four-point peace plan. Mr Baker was care-ful on Monday to give qualified approval to the plan - which includes elections in the West would negotiate a period of interim self-rule and later, final status for the territories occupied in the 1967 Arab-Is-

Washington's goal is to bring about a serions dialogue between Israel and the Pales-tinians, "to break the deadly status quo" in the words of one

Because Israel has categorically ruled ont talking to the PLO, and the PLO does not want Pales-tinians in the territories talking to Israelis, the US has to create its own momentum in the Middle East peace process. As Mr Baker's speech clearly demonstrated, this involves offering the impression to the Arabs that the US is prepared to talk tough with Israel. In this respect, the timing of Mr Baker's speech was particuence in Casablanca opened yes-terday. One promising sign, in US eyes at least, is that Egypt is back in the fold. Mr Yassir Arafat, the PLO leader will also be there, this time in his guise as President of the (still notional) state of Palestine. "The US would like the Arab summit to come up with dov-ish statements," said Mr Barry Rubin, an expert at the Washington Institute for Near East Policy. Equally important, says Mr Rnbin, is the fact that Mr

larly good. The Arab confer-

Tunis between the PLO and the US ambassador Mr Robert Pelletreau to discuss Israel's election proposal.

The intention is to elicit a more positive. PLO response than hitherto, to tease out some ideas which the US can

Baker'a speech precedes the first substantive meeting in

then hand on to Israel. In this Forceful words on Israel impress PLO

fat, told reporters. "But what he said about the PLO is not THE PALESTINE Liberation Organisation yesterday wel-comsd the strong stand The US Administration had against Israeli expansionism not done enough to emphasise how much the PLO had modertaken by Mr James Baker, the US Secretary of State, hnt expressed reservations about ated its policies over the last the US interpretation of PLO ysar hy accepting Israel's policies, Victor Mallet reports from Casablanca. right to exist and renouncing terrorism, he said. "Mr Baker I appreciate what Mr Baker did not tell American public

said to Alpac to let them understand that Greater Israel opinion that we now adopt a two-state solution." is only a dream," Mr Ahmed Palestinian and other Arab Abdelrahman, spokesman for the PLO leader Mr Yassir Aradelegates at the Arab summit in Morocco were privately

impressed by Mr Baker's force-ful message to the Israelis, but they remained suspicious of any attempt to end the upris-

The PLO and its allies, including Egypt, Iraq and Jordan, are hoping for a united Arab stand to support Mr Arafat's new policy of moderation and put concerted pressure on the US and Israel, but Syria and Libya favour an uncon promising approach to the Arab-Israeli dispute.

important passage which must have made given succour to Palestinians who yearn for an independent state: "For many ing in the occupied territories without Palestinian gains. Israelis it will not be easy to enter a negotiating process

whose successful outcome will in all probability involve terri-torial withdrawal and the emergence of a new political Mr Baker immediately warned Palestinians that they should forget the "illusion of control over all of Palestine" but the carrot of some sort of political entity or homeland is

US city to license gay marriages

By Louise Kehoe in San

SAN FRANCISCO is to become "domestic partnership" law enabling homosexual and unmarried heterosexual partners to obtain a pseudo-mar-riage licence giving them with many of the rights, benefits and shared financial responsi-bilities of married couples.

the measure, approved unanimously by the Board of Supervisors (City Council) late on Monday, was hailed as an important step forward by gay rights advocates. The legislation faces a second procedural vote next week before going to Mayor Art Agnos, who has said he will sign it.

Under the law, which was strongly opposed by the Roman Catholic Church, unmarried couples may regis-ter their "domsstic partnership" in much the same way as others obtain a marriage licence from the County

Clerk's office.
The ordinance dsfines domestic partners as "two people who have chosen to share one another's lives in an inti-mate and committed relationship of mutual caring, who live together and... have agreed to he jointly responsible for basic living expenses."

The law gives San Francisco city employees in non-tradi-tional relationships the same sick leave, bereavement and maternity leave henefits as married couples. The city has also agreed to explore the possible extension of health insurance benefits to domestic part-ners of city employees.

Opponents of the law fear gay couples from all over the US may travel to San Francisco to hold ceremonial "marriages". But supporters say the registration system can be limited to San Francisco residents and workers.

Some city employees have also expressed concern that health care premiums could rise if domestic partners including AIDS patients, are covered by the city's health insurance schemes.

The president of the Board of

Supervisors, Mr Harry Britt, author of the measure and a leader of the city's politically powerful gay community, said: "If my heart tells me and your heart tells you that we should share our lives together and take care of one another...the government has no business telling us that we're going to be discriminated against, he

Durable goods orders beat market estimates By Peter Riddell, US Editor in Washington

FIGURES released yesterday since the beginning of the year, indicating a rise in the demand though not yet a recession.
The figures will reinforce the for durable goods have added to the confusion in financial view of policymakers, includ-ing regional Federal Reserve

markets over exactly what direction the US economy is taking.

The Commerce Department announced that orders for durable goods rose by 2.9 per cent last month, well above financial market estimates of a

0.7 percentage point increase. communications agulpment, There was a revised 1 per cent and for non-ferrous metals.

rise in March.
Durable goods orders are regarded as a leading indicator of future levels of output and of future levels of output and the rise contrasts with other recent evidence pointing to a slowdown in the US economy tors which tend to inectiate erratically from month-tomonth, orders rose by 4.7 per cent in April following three consecutive monthly declines.

Saab wins US order for up to 100 aircraft

AMERICAN Airlines intends to buy 100 Saab 340 mediumsized aircraft for its fleet in a deal worth an estimated SKröbn (£468m), one of the biggest ever in Swedish induspresidents, favouring caution. try, Robert Taylor reports from and opposed to early relaxation Stockholm. of monetary policy.

The April gain, the largest since last December, reflected a big increase in demand for electrical machinery, such as

Details were leaked in the US yesterday. The purchase involves American Airlines buving 50 of the aircraft with an option on a further 50.

boost for the troubled aerospace division at Saah and underlines the international success of the 340. As many as 28 operators have bought the aircraft. Even before the American Airlines deal annual sales totalled SKr2bn.

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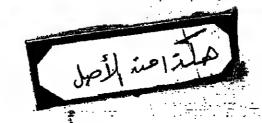
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Capital spending Long-term jobless fall growth rate best since 1984

By Simon Holberton, Economics Staff

GROWTH in British business investment was greater in 1988 that at any time since 1984, according to official figures released yesterday.

The Department of Trade and Industry said that manu-facturing companies invested fill.6hn last year in plant, machinery and leased assets, such as cars – some 14.5 per cent up on 1987 levels and the best year since 1984 when com-panies increased their investment by 21 per cent.

The figures, which are seasonally adjusted and discounted for the effects of inflation, show that British industry last year surpassed its previous record year for invest-ment, set in 1979. In that year manufacturing companies invested £11.2bn.

Investment in the first three months of 1989 also seems to have been strong. In the first quarter, manufacturers invested 23bn compared with £2.8bn in the previous quarter. The DTI said that the 1988 figures were beavily revised to take into account more recent and reliable information on investment last year, derived in part from forward estima-

tions made to data in the 1987 census of production.

The effect of these revisions has been to add £3bn to total investment of which about £1bn has secrued to manufacturing investment and £2hn to investment in construction, distribution and financial industries. Total 1987 investment has been revised up by

The Treasury has always maintained that the DTTs figures for investment under-stated the true picture and yesterday's revisions would appear to bear that out. The March budget suggested a higher level of investment than figures showed at the time. Mr Ian Harwood, economist

at Warhurg Securities, said that the revisions confirmed the under-recording which most had thought occured. "It is encouraging that it confirms that investment was buoyant last year but it is not an overwhelming surprise," he said. The volume of all categorie

of investment last year was 17 per cent higher than in 1987. Excluding manufacturing, investment amounted to

to lowest in six years

By Raiph Atkins

NUMBER unemployment benefit claim-ants who have been out of work for 12 months or more has fallen to the lowest level for at least six years, the Department of Employment said vesterday.

UK long-term unemployment

fell by 77,000 people to 744,000 in the three months to April, the Department said. That was the lowest since the current series of figures began in 1982. Since April last year, long-term unemployment has fallen by 285,000, almost cer-tainly reflecting the strength of economic schivity and the hooyant demand for labour. However, many independent economists fear excessively sharp falls in unemployment could fuel wage pressures and increase inflation.

Mr Norman Fowler, Employ-ment Secretary, said: "Long-term unemployment has been continuing to fall at a faster rate than total unemploy-

He said that among 18 to 24 year olds, long-term unemploy-ment was down by a third compared with a year ago and had more than halved in the past two years.

Rising water threatens London's firm foundations

By Andrew Taylor, Construction Correspondent

RISING underground water London and the Channel Tunlevels beneath London are threatening to damage the foundations of buildings and the underground railway, according to a report published

yesterday. Similar problems were emerging in other British cities, such as Birmingham, Nottingham and Liverpool, said the report by the Con-struction Industry Research and Information Association. Damage could cost up to film in London.

Rises in the water table gensrally could substantially increase the costs of the high speed rail planned between nel the association said. The report said changes in the way in which London gets its water and the shift of water-using industries, such as breweries, away from the capital meant groundwater levels in the city centre were rising

by up to one metre a year. The report was sponsored by some of the organisations which have most to lose from rising groundwater, including: British Property Federation, British Telecommunications, Environment Department, London Underground, Loss Preven-tion Council, Post Office and Thames Water Authority.

The association said the capital had previously taken much of its water from wells sunk into the water-laden sands and chalk beneath the city. As a result, groundwater lev-

els during the past two centuries had fallen by up to 70 Now most of the city's water

was taken from the Rivers Thames and Lea and water levels were rising. Ground movements would damage buildings and tunnels and increase leakages within

20 to 30 years if the rise was This would cause seepage into basements and chemical attack on buried steel and con-

Most at risk were large buildings with foundations in London clay, which expands and is particularly susceptible to movement when wet, said the association .

It recommended establishing a cordon of 30 wells in central London within 15 years which would pump out water at the rate of 30m litres a day equivalent to five per cent of the city's daily water consump-

The cost of the wells would be about £16m and about £1m a year to run.

The capital cost might be

reduced by 26m if some way could be found to use them in other areas of the water supply, such as for flushing tollets, said the association.

In Birmingham, basements in low-lying Aston and Witton had flooded and walls had cracked in a British Telecom-

munications tunnel Groundwater levels in parts of the city had risen 20 metres since the 1960s and early 1970s. *The Engineering Implications of Rising Groundwater Levels in the Deep Acquifer Beneath London: CIRIA. 6 Storey's, Westminster, London SWIP 3AU: £100 non-members; £35 members; summary free.

MoD procurement staff warning

By David White, Defence Correspondent

STAFF SHORTAGES at the Ministry of Defeoce's armsbuying branch are leading to delays, inefficiencies and a large waste of taxpayers'

This is the conclusion of a report published yesterday by the House of Commons Defence Committee, which mainly blamed low pay for understaffing. The present sit-uation cannot be allowed to

engineers and administrators who often left for jobs with defence contractors. An engineer or scientist could earn 50 per cent more in the private

"It represents a significant transfer of expertise out of the ministry to its suppliers - tha very people from whom the MoD is trying to get value for money," the report said. When the transfers involved contract staff brought in to fill gaps in

The Government it added was "paying for the training costs of the private sector," and departures had led to a

drop in staff quality.

The result is that the bal-snce of commercial advantage is moving towards defence is moving towards defence industry as supplisrs, and away from the Ministry of Defence as the customer," the report said, adding: "This can-not be in the public interest." The report found a 3 per cent

shortfall on the Procure Executive's workforce target of

Government under fire on N-waste

By Maurice Samuelson

THE GOVERNMENT was urged yesterday to make a statement following the report of major problems with the storage of radioactive spent fusl rods from Britain's nuclear power stations.

nuclear power stations.

Internal documents from the
Central Electricity Generating
Board, which regulates distribution, prepared by senior officials and Lord Marshall, chaircials and Lord Marshall, chairman, appear to reveal a catalogue of problems, including the threat of radioactive leakage into the Irish Sea at Sellafield on the west coast.

Mr Tony Blair, Labour's energy spokesman, called for an urgent House of Commons statement on the disclosures in

Time Out magazine.
The magazine claimed that
Britain's Advanced Gas Cooled Reactors (AGRs) might have to be shut down because British Nuclear Fuels, a state-owned company, was running out of storage space for irradiated spent fuel.

The magazine alleged that:
• Secret research by the Atomic Energy Anthority had revealed that spent fuel stored in water-filled ponds at Seliafield were corroding much faster than anticipated. Six thousand AGE fuel pins were currently leaking radioactivity into pond water;

into pond water;

There was a major risk of radioactivity leaking into the links Sea because the storage pond for the new Thorp reprocessor would not be linked to a radioactivity extraction plant.

Other documents warned of

a "critical" fuel logism after 1993 and the CEGH's only solu-tion, once pond storage space runs out, would be to shut down its AGR reactors, said Mr Blair said: "If true, and if the position has not materially

changed since the documents

of fundamental and,

Compaq set for Erskine expansion

By James Buxton, Scottish Correspondent

COMPAQ, the rapidly growing COMPAQ, the rapidly growing US husiness personal computer maker, is believed to be close to announcing a further expansion of its Scottish plant at Erskine, near Glasgow, to meet soaring demand for its products in Europe. The development could involve the creation of up to 400 jobs.

ation of up to 400 jobs. The 260,000 sq ft Erskine plant was completed last summer, 18 months ahead of schedule. It already employs 500 people.

Compaq's sales outside North America last year accounted for 39 per cent of the company's total sales of \$2.1hn. The proportion rose to
\$2.1hn. The proportion rose to
\$46 per cent in the first quarter
of 1969, when total sales compared with the equivalent
period of 1988 grew by 55 per
cent to \$663m.

The Erskine plant already

The Erskine plant already meets 40 per cent of Compaq's international sales and the proportion is expected to reach 60 per cent this year.

In February, the company said it was looking for a site for a second European plant to be ready by about 1992. It said it was considering West Germany because its international headquarters are located in Number.

But the company now appears to want extra manufacturing capacity sconer. Spare land is available for development at Erskine, aithough it had been intended that only the present two identical production facilities would be built there.

The company would not con-firm yesterday that Erskine had been selected for expan-sion. But it said that Company was looking closely at the eco-nomics and logistics of manufacturing more products out-side North America. A that expansion might take place was expected soon.

continue." it concluded.

The report pointed to low morale and a "catastrophic haemorrhaging" of scientists, the MoD's Procurement Executive, "the potential for impro-priety is unacceptable."

> to tell you of the opportunities waiting in But who will tell you of the dangers

There is no shortage of people prepared

that lurk on the continent? As 1992 approaches it's a question any

ambitious company should ask itself. After all, there's no point in expanding your business if all you end up doing is

expanding your credit risks. Fortunately, we at Trade Indemnity know the other side of the Channel almost

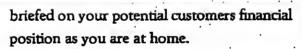
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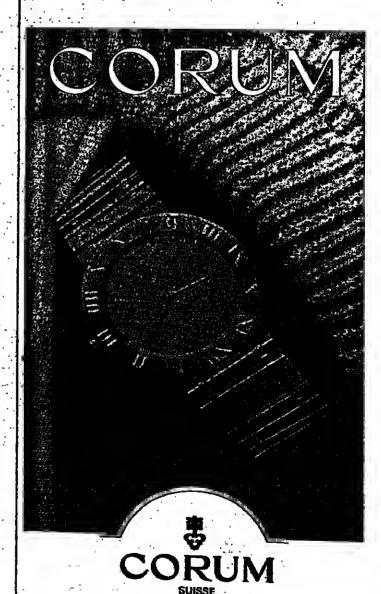
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UK NEWS

London underground 'still Strikes on vulnerable to catastrophe'

By Rachel Johnson

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STATE OF THE PERSON NAMED IN

THE POSSIBILITY of another catastrophe on the London underground railway remains, more than 18 months after the King'a Cross station fire, a report published yesterday by report published yesterday by the Railway Inspectorate said. The underground suffered from a "lack of effective leader-ship in safety management," said the report, which was ordered after the Fennell inquiry into the King'a Cross inquiry into the 1987 in which 31 people died.

31 people died. Mr Paul Channon, Transport Secretary, urged Mr Denis Tunnicliffe, managing director of London Underground, to take "decisive and sustained action" on the report, which twice warned of catastrophic loss warnest of catastrophic loss
unless underground management corrected adverse items.
Mr Channon expressed serious concern at the findings of
the safety audit, which proposed an extensive programme
for safety improvements.

The report highlighted the failure of the underground to establish more than minimal standards of safety manage-

THE SENIOR jndges of England and Wales confirmed

yesterday that they were implacably opposed to the Gov-ernment's plans for reform of

In a strongly worded

response to the Government's discussion paper (Green Paper), finalised after a meet-

ing of more than 100 judges of the Court of Appeal and High Court last Saturday, the Judges Council called the Gov-

ernment's plans "irresponsi-ble" and "potentially very dan-

The judges' concern is

focused on the proposals to give the Lord Chancellor,

Britain's most senior judge,

power to set standards of edu-

cation and training for advo-cates, make decisions on rights

of audience in the higher

courts and prescribe the princi-ples to be embodied in profes-

These proposals represent both a real threat to the inde-pendence of the judiciary and

lead to a decline in the stan-dards of both conduct and com-

petence; and there was no evi-

dence that the proposals would lead to speedier and cheaper

legal proceedings, the judges said. Costs might well increase.

minister has had, and no gov-

ernment has sought to exer-

cise, ultimate control over the

"Until now no government

sional codes of conduct. . .

the legal profession.

ment in several important sec-

It found there was no audit-ing of health and safety regula-tions or overall systematic auditing of general physical conditions and housekeeping. Fire evacuation and emergency drills were only of a moderate standard, and there were no formal written plans for dealing with emergencies

or congestion at stations. A policy on fire containment had not been developed. This demanded "urgent action." Overcrowding on the tube was a "major potential hazard and

a matter of very serious con-Safety procedures relating to equipment, such as replacing wooden escalators and fitting fire detection and alarm systems, were better and standards for fire control were ade-

trol congestion were not being applied systamatically throughout the network, the

Judges deliver grim verdict on

proposals for legal reform

Lord Mackay

otherwise."

courts. Once a power is given,

the risk that it may be misused by some future government can not be disregarded," the

the profession of advocacy, and judges warned.

"a grave breach of the doctrine:

"a grave breach of the doctrine:

"It would be tragic if, in the speal, provided he is not profession of powers," the name of well-intentioned allowed to interfere with their judges say.

They would almost certainly the Higher Counts warned to be unsteaded.

They are opposed, however, the Higher Counts warne to be unsteaded.

the Higher Courts were to be

discarded for no clearly dis-

cernible advantage, either in

the reduction of expense or

The judges proposed instead that lawyers should be allowed to acquire the dual qualifica-

tion of barrister and solicitor,

provided that they only prac-tise as one or the other at any

Among its 71 recommenda- been appointed.

North Sea platforms spread

By James Buxton

tions, the report suggested that

the movement of passengers through the system should be

monitored to ensure over-

crowding did not put passen-

for the underground proposed last year should be fully imple-

mented, and written standards for management performance

should be rigorously enforced.

tions, and that they would be carried out as matter of

He said that staff would be

given safety performance tar-gets and safety would continue to be the first item in training

However, he would not

accept the recommendation that he should become chair-man of the London Under-

ground safety committee with

ultimate responsibility for

safety, since a non-executive director with that role had

risters have a monopoly on the right to represent clients in

court. Government proposals

suggest that solicitors with the

appropriate advocacy qualifica-tions should be allowed to rep-

resent clients.
Transfer between the two hranches of the profession should be made simpler and

quicker, the judges said. All who practise advocacy in the higher courts should be subject

to a single disciplinary authority under the judges.

The judges say they would

also be receptive to sugges-tions for a limited extension in

the categories of case in which

colicitors already have rights

They do welcome some

aspects of the Government's

plans including the proposal that experienced solicitor cir-cuit judges should be eligible for appointment to the High

Court bench.
They also have no objection

to the introduction of a Legal

Services Ombudsman, the per-

to the introduction of "no win,

no pay" contingency fees and to allowing banks and building

societies to do conveyancing.

Lord Mackay, the Lord Chan-cellor, has made it clear that he will publish his plans for

legislation hefore Parliament

hreaks for the summer recess, after considering more than

2,000 responses to the govern-

of audience,

Mr Tunnicliffe said the management had accepted all but one of the audit's recommenda-

The management atructure

gers at risk.

urgency.

and meetings.

INDUSTRIAL action by North Sea offshore construction workers continued to affect several platforms yesterday and spread to the onshore St Fergus gas terminal.
About 380 men working on a

extension of Total's section of the St Fergus terminal in Grampian staged a 24-hour

strike in sympathy with their offshore colleagues.

The men are mustly employed by Press Offshore, the company whose workers on four BP platforms took industrial action at the weekend with sit-ins. The strike at St Fergus did not affect production at the terminal.

Tha men want Press Off-shore and other offshore contractors to agree to demands for improved pay and condi-tions. They want the terms covering offshore construction work before a platform comes into production to be extended

post-production work. Mr Tommy Lafferty, of the AEU engineering nuion in Aberdeen, said that offshore workers could lose £100 a

workers could lose £100 a week when a platform comes into production.

They also want the Health and Safety at Work Act to be applied in its entirety to offshore operations. Safety anxieties in the North Sea were beightened by last summer's

heightened by last summer's Piper Alpha disaster in which 167 workers died.

A BP official yesterday described the situation on its platforms as "fimid." He said that 300 of the men employed by Press who had been sitting in on the Safe Felicia accommodation barge near the For-ties Alpha platform had decided to resume their strike. Abont 100 men went on strike yesterday on BP's This-tle platform, but 44 men on Buchan Alpha went hack to work. No other BP platforms were affected and the strikes

did not affect production. Meanwhile, manual workers at Thames Water authority are being recommended to reject the company's first independent pay offer since it opted out of national pay negotia-tions, writes John Gapper. Unions say the offer is worth less than a national deal agreed this month.

agreed this month.

The unions are warning workers on ballot papers that they may be asked to vote again on industrial action if they reject the offer. A similar offer has been made to craft

The offer, of a 7.9 per cent

increase in basic rates and the consolidation of up to 20 per cent of bonuses linked to local productivity deals, compares with an 8.5 per cent deal agreed hy unions for the other nine water authorities. Although Thames estimates that the offer is worth 11.9 per

cent, union officials say that it is not likely to raise the wages of most workers beyond the basic 7.9 per cent.

Kinnock unveils the new model European Labour

Michael Cassell examines the opposition party's manifesto for next month's Community elections

HE LABOUR Party yes-terday launched its attempt to convince the electorata that the party's heroic conversion to the European ideal is complete and that it can beat the Conservatives in promoting and protecting Britain's interests in Europe Launching the opposition party's manifesto for the Euro-pean elections on June 15, Mr Neil Kinnock, party leader, derived maximum capital from

the public differences over Europe which threaten to damage Tory support.
He attacked Mrs Margaret Thatcher, the Prime Minister, for her "theatrical jingoism"

and "tantrum diplomacy". The Tories, he claimed, had left Britain economically weak, socially backward and incapable of meeting the challenge of 1992. They wanted a future of deregulation without social obligation, a barrier-free trade group without co-operative responsibilities, a market rather than a Community.

At which point, Labour was obliged to provide its own alternative. As Mr Kinnock began to do so, claiming he had first grasped the European ideal as a 13-year-old footballer playing away in West Germany, the Tories were already turning the tables.

Mr Peter Brooke, the Conservative Party chairman, claimed the Labour leadership's deep hostility to Europe was being concealed in various degrees by a "cynical thirst for power."
In an attempt to demonstrate the enormity and speed of the

conversion which has swept through Labour's ranks, he quoted Mr Kinnock in 1983: "We want out of the Common Market." He repeated the 1985 remarks of Mr Bryan Gould, now Lahour's Euro-campaign co-ordinator: "Britain must retain the option of withdrawal

Last night, Sir Geoffrey Howe, the Foreign Secretary, called the Lahour document "trivial and transparent" and an insult to the British people. Mrs Thatcher is expected to resume the attack today when she addresses the Tory wom-

en's conference in London.
Yesterday, however, Mr
Gould said it would be hard to
slide a piece of paper between
shadow Cabinet members on the European issue. Mr Roy Hattersley, deputy Lahour leader, who was fighting for EC membership when some of his colleagues appeared to think that western civilisation stopped at Dover, said he had complaints" ahout Labour's new strategy.

Despite Labour's pro-Euro-pean stance, the manifesto emhraces sufficient objections and reservations over EC activities to show that Mrs Thatcher is not alone in voicing fears over the extent of the Community's potential powers. Mr Kinnock described the idea of a United States of



Europe within his lifetime as a "delusion" and claimed that support for such a vision had been exaggerated hy Mra Thatcher in order to disguise her own, regressive attitude. A federal structure for Europe

was unrealistic at this stage in the Community's development. The Labour leader said his party was not about to swallow "lock, stock and barrel" a treaty signed in different times and now in need of updating. He pledged Labour to act tough over important issues such as environmental and consumer protection measures, working conditions and taxes.

Resisting any temptation to adopt the Thatcherite image of Britain "fighting its corner" – he says the Prime Minister got Britain there in the first place – Mr. Firmach man first place - Mr Kinnock nev-ertheless said Labour would co-operate where possible, negotiate when necessary, resist the unecceptable in order to bargain and refuse the intolerable to win reforms. The manifesto acknowledges

that, increasingly, important decisions will be taken at Euro-pean level. This area of governmental activity, it insists, will have to be hrought under proper, democratic control. The solution, according to

Labour, is not to create a centralised tier of government in Brussels to supplant national governments but to ensure Enropeen co-operation is "properly responsive" to the UK parliament. The effective system of scrutiny of EC legis-lation at Westminster will also A Labour government will

also be pledged to tackle the "continuing nonsense" of the Common Agricultural Policy end will resist eny moves towards the harmonisation of taxes such as VAT.

As Prime Minister, Mr Kin-nock would also want fundamental reform of the Community hudget, notably in improving the balance between spending on structural funds

Kinnock: federal Europe unrealistic at this stage

and on agriculture. Neither is Labour anxious to take sterling into the exchange rate mechanism of the European Monetary System or enthusiastic over the prospect of full-scale, European mone-

Mr Kinnock laid down detailed conditions for British entry into the EMS, which the party says suffers from too great an emphasis on deflationary measures as a means of achieving monetary targets

He said Britain would insist on proper arrangements for EC financial support during the transition process, including improved "swap" arrangements between central banks designed to discourage currency speculation.

Mr Kinpock said there would also have to be an expanded role for the Community's social and regional funds, an agreed growth strategy for Europe; in addition, entry could only be at a "competitive" exchange rate. He denied he was setting "impossible hurdles".

On mooetary union and calls for a central European Bank, the Labour leader said the concept was not realistic or even necessary. For the UK in particular, a leap from reserve currency status to full union would damage not only the domestic economy but that of Europe.

If Labour shares more reser-

vations with the Tories about Community developments than it feels it prudent to admit, they have so far been eclipsed Tory ranks.

Labour's aim in the next three weeks is to convince the depressingly small hand of Euro-voters that while Mrs Thatcher's sights remain fixed on closet Marxists scurrying down Commission corridors, Lahour cherishes a higher vision of a Community in which collective action improves the quality of life for

UK 'ready to raise non-EC tax allowance'

The Government signalled yesterday that it was prepared to act unilaterally if other European Community countries would not agree to raise the limit on the value of taxfree goods that can be brought in by visitors from outside the Community. Earlier this week the Conser-

vative maoifesto for next month's European elections wanted to increase the limit from the present £32 to £250. At the same time it was seeking to quadruple the present £250 limit for visitors from other

Community countries.

Mr Peter Lilley, the Economic Secretary to the Treasury, said that if other governments were not prepared to see an increase in the value of goods brought in from outside the Community, the Govern-ment would apply for a derogation from the European Com-mission to permit the higher

Customs swoop

Customs officials on both sides of the Irish border yesterday made arrests and seized toos of documents in a joint crack-down on an alleged multi-million-pound grain smuggling ring centring on alleged abuse of a European Community agricultural compensation scheme. Under the scheme, anyone

exporting grain from the UK to the Republic of Ireland must pay a levy to UK Customs.

Canyon to expand

Canyon Europe, Japanese manufacturing gorup, expand production of plastic trigger sprayers at its factory near Bel-fast to meet rising European demand. The move will raise the workforce hy 80 to 130 in four years.

Canada bank move

Cenadian insurance group Confederation Life has launched a UK banking subsidtary with a capital base of £30m to be called Confederation Bank. It will offer mortgage finance and deposit-tak-ing services to its customers.

WonderWorld start

Senior executives of Bouygues, French construction group, took formal possession of the site of WonderWorld, to be Britain's higgest theme park, after conclusion of attempts to raise £203m to get the Disney-style park off the ground,

Mortgage loans lull

Building Societies Association figures showed new mortgage lending for April only 2 per cent above the figure for the previous mooth at £4.3bn, which compared with £4.77bn in April last year.

one time. At the moment, barprofession of advocacy in the ment proposals. Law Lords urged to ignore Lonhro 'siren call'

By Raymond Hughes, Law Courts Correspondent

hand over to a lower court an inquiry into whether the UK-based mining-to-publishing contempt of the House of

Mr John Laws disputed Lon-rho's argument that the five law lords should disqualify themselves because otherwise, having initiated the contempt move, they would be seen as acting as prosecutor and judge. The case is the first involv-ing an alleged contempt of the

The case and relates to the publication on March 30 of a special issue of The Observer, a Lonrho-owned newspeper, containing extracts of the report by Government inspecthe House of Fraser atores group by the Egyptian Al-Fayed brothers.

Mr Laws, nominated by the Attorney General to give the law lords independent advice,

FIVE law lords were yesterday urged not to heed Lonrho's House of Lords, the upper siren call" that they should chamber of Parliament, represent Britain's highest civil court of appeal.

Law Lords, who sit in the upper as having prejudged the case. They had merely decided something needed investigation and set the matter in motion.

tors into the 1985 takeover of

Lonrho wants Lords Keith, Templeman, Griffiths, Ackner and Lowry to withdraw from the case. The company has argued that it should either be handed over to other law lords or left to the Attorney General to consider whether to bring contampt proceedings in a

Contempt allegations are made against Lonrho, four of its directors, including Mr

"Tiny" Rowland and Sir Edward Du Cann, The Observer and its editor Mr Donald Treiford, and two lawyers who acted for Lonrho. Mr Gavin Lightman, advo-cate for the Observer, and Mr

Trelford argued that those accused of contempt would he seriously disadvantaged if any law lords heard the case. He said they would be acting as prosecutor and judge; there

would be no right of appeal and no way in which, if the contempt were not proved, those accused would be able to recoup their legal costs.

However, Mr John Chadwick, advocate for the two Lonrho lawyers, Mr John Fordham, a partner in City solicitors Stephenson Harwood, and Mr Andrew Fletcher, a barrister, pressed the five law lords to hear the case.

The two lawyers, he said, wanted the matter dealt with as soon as possible.

The prospect of it hanging over their heads while it went to crown court "frankly horri-fies them."

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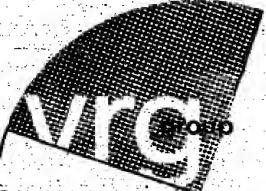
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COMPANY NOTICES

PUTNAM EMERGING INFORMATION SCIENCES TRUST S.A.

Société Anonyme d'Investissement Luxembourg, 43, boulevard Royal R.C. Luxembourg n° B 22516

Notice of Annual and Extraordinary General Meetings

The Shareholders of Putnam Emerging Information Sciences Trust (the "Company") are hereby convened to attend a second Annual and Extraordinary General Meeting of Shareholders to be held at the registered of the Company on June 9, 1989 at 11.30 a.m. with the following agendas:

Agenda of the Annual General Meeting

- Reports of the Directors and of the Auditors.

 Approval of the balance sheet and profit and loss statement at December 31, 1938.
- Decision of disposal of net results.

 Discharge to be granted to the Directors.

 Election or reelection of Directors and decision of their remmeration for the period ended December 31, 1988.

 Miscellaneous.

There is no quorum requirement for the Annual General Meeting, at a modulions shall be passed at a simple majority of the shares present or

Agenda of the Extraordinary General Meeting

Decision to change the investment restrictions of the Company, so as to adjust these pursuant to regulatory requirements for the registration of the Company as an Undertaking for Collective Investment in transferable seamles (UCTTS) in accordance with the Luxembourg Law of March 30, 1988.

March 30, 1988.

Decision to change the corporate form of the Fund to become a Société d'investissement à Capital Variable and amendment and/or renumbering of all Articles of the present Articles of Incorporation, to reflect such changes, namely as they relate m definition of the corporate object for the investment in transferable securities and to investment restrictions and to conform these to necessary and useful changes pursuant to the Luxembourg Law of March 30, 1938 on Collective Investment Undertakings.

takings.

Decision in respect of the warrants for the time of their remains. lidity until April 17, 1990 and deletion of any reference thereto from the Articles of Incorporation as from their expiry date.

The full text of the restated Articles of Incorporation, showing the proposed changes, is available for inspection at the registered office of the Company and can be obtained on request from the Company's Registrar Kredierrust, 11, rue Aldringen, L-1118 Lucrembourg, fax: (352) 470623.

Due to the fact that a first Meeting held op April 28, 1989 did not reach a quorum and that it is hereby reconvened by notices given in accordance with Lucrembourg Law, there is no quorum requirement at the second General Meeting, at which resolutions shall be passed at a majority of two thirds of the shares present or represented.

The Board of Directors

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa) Company Registration No. 11/00007/06

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES DECLARATION OF DIVIDEND NO. 160 ON THE 40 PER CENT

CUMULATIVE PREFERENCE SHARES OF R5,00 EACH
Dividend No. 160 of one Rand (R1.00) per share in respect of the six Dividend No. 120 of one Rand (R1,00) per share in tespect of the stormonths ending 30th June 1989, has been declared payable to the holders of the 40 per cent cumulative preference shares registered in the books of the Company at the close of business on 30th June 1989, and to persons presenting courson No. 160 detached from the preference share warrants bearer. A notice regarding payment of dividends on courson No. 160 detached from shale warrants to bearer will be published in the press by the London Secretaries of the Company on or about 23rd June 1989,

DECLARATION OF CIVIDEND NO.28 ON THE 8 PER CENT CUMULATIVE SECOND PREFERENCE SHARES OF R1.00 EACH

Dividend No. 28 of 4 cents par stare in respect of the six months ending 30th June 1989, has been declared payable to the holders of the 8 par cent cumulative second preference shares registered in the books of the Company at the close of business on 30th June 1989. For the purpose of these dividends the preference share transfer registers and registers of members will be closed from 1st July 1989 to 14th July 1989, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 7th August 1889. Registered shareholders maid by the United kingdom Registers will 1969. Registered shareholders peid by the United kingdom Registrats will teceive their dividend in United Kingdom currency converted at the rate of exchange applicable on 3rd July 1989, less appropriate taxes. Any such shareholders may, however, elect to be paid in South Amoan currency. Johannesburg of the United Kingdom on or before 30th June 1989.

The effective rate of non-resident shareholders' tax is 13.50 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

Transfer Secretaries:

40 Commissioner Street

Hill Samuel Registrars Limited 8 Greencoat Place London SWIP 1PL

First Floor, Edura

Johannesburg 2001 (PO Box 61051

Marshalltown 2107)

23rd May 1989

Consolidated Share Registrars Limited

By order of the board H. J. CRANKSHAW Head Office: 36 Stockdale Street Kimberley 8301 London Office: 40 Holborn Viadure

De Beers

CONSOLIDATED COMPANY BULTFONTEIN MINE, LIMITED Registration No. 11/00006/06 GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE, LIMITED Registration No. 11/00013/06

(Both incorporated in the Republic of South Africa)

DECLARATION OF DIVIDENDS

DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the abovementioned companies have declared dividends in respect of the six months ending 30th June, 1989, payable to shareholders registered in the books of the respective companies at the close of business on 30th June, 1989. The dividends have been declared in the currency of the Republic of South Africa.

Dividend warmans will be posted from the Kimberley and United Kingdom transfer offices on or about 7th August, 1989, Registered shareholders paid by the United Kingdom Registers will receive their dividend in United Kingdom eutrency converted at the rate of exchange applicable on 3rd July, 1989, less appropriate taxes. Any such shareholders may, however, elect to be paid to South African eutreocy, provided that any such request is received at the companies' transfer offices in Kimberley or the United Kingdom on or before 30th June, 1989.

The ordinary share transfer registers and registers of members will be closed from 1st July, 1989 to 14th July, 1989, both days inclusive. The effective rate of non-resident shareholders tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and Loodon offices of the companies' transfer secretaries to Kimberley and the United Kingdom.

South African Corrency Per Share

Consolidated Company Bultfortein					
Mine, Limited	4.5 cents				
	(1988: 4.5 cents)				
Griqualand West Diamond Mining					
Company, Detolispan Mine, Limited	20.5 cents				
	(1988: 20.5 cents)				
	By order of the Bo				
· ·	For and on beha				
INCLO INCRESE CORROBATIO	N OF SOUTH AFRICALIME				

G A Wilkinson

London Office: 40 Helbero Viaduct London ECIP 1AJ 22nd May 1989

TAYLOR WOODROW

INTERNATIONAL FINANCE

R.V.

The garrust report and accounts by the year ended 31st December, 1988 of the above company, and those of Taylor Woodrow pin have been published and are swateble from the offices of Heave Govern United at 4, Recognite, London EC2M 71E

EDUCATIONAL

London SW1P IPL

5 DAY GMAT COURSE

June 5 - 8 and 12, 6.30 - 9.30 pm, at South West London College in Tooting Broadway, SW17 0TQ, £225. Phone Marie Martin-Gallardo on 01-677 5041. SOUTH WEST LONDON IS AN EQUAL OPPORTUNITY COLLEGE.

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We inform the bondholders that the redemption instalment of USD 7.300.000, nominal due on June 25, 1989 has been satisfied by purchase on the market of USD 4.665,000 nominal bonds and by the drawing for redemption of USD 2.635,000 nominal on May 16, 1989, in Luxembourg.

These 537 bonds of USD 5.000 nominal will be reimbursed at par on June 25, 1989, coupon nr 4 due on June 25, 1990 and following attached, according to the modalities of payment on the bonds.

The numbers of such drawn bonds are as follows:

Amount outstanding after June 25, 1989 : USD 85.400.000,- .

4844 8710 10754 1266B 14204 16014 17191 18645

The Principal Paying Agent,

SOCIETE GENERALE ALSACIENNE DE BANQUE 15, Avenue Emile Reuter Luxembourg

PUTNAM EMERGING HEALTH SCIENCES TRUST S.A.

Société Anonyme d'Investissement Luxembourg, 43, boulevard Royal R.C. Luxembourg n° B 20958

Notice of Extraordinary General Meeting

The shareholders of Putnam Emerging Health Sciences Trust (the "Company") are hereby convened to attend a second Extraordinary General Meeting of Shareholders to be held at the registered office of the Company on June 9, 1989 at 11.30 a.m. with the following agenda:

Agenda

Decision to change the investment restrictions of the Company, so as to adjust these pursuant to regulatory requirements for the registration of the Company as an Undertaking for Collective Investment in transferable securities (UCITS) in accordance with the Luxembourg Law of March 30, 1988.

March 30, 1988.

Decision to change the corporate form of the Fund to become a Société of Investissement à Capital Variable and amendment and/or renumbering of all Articles of the present Articles of Incorporation, to reflect such ing or an Articles of the present Articles of incorporation, to reflect such changes, namely as they relate to definitions of permitted investments and to investment restrictions and to conform these to necessary and useful changes pursuant to the Luxembourg Law of March 30, 1988 on Collective investment Undertakings.

Decision to delete the reference to warrants from the text of the Articles.

The full text of the restated Articles of Incorporation, showing the proposed changes, is available for inspection at the registered office of the Company and can be obtained on request from the Company's Registrar Kredietrust, 11, the Aldringen, L-1118 Luxembourg, fax: (352) 470623.

Due to the fact that a first Meeting held on April 18, 1989 did not reach a quorum and that it is hereby reconvened by notices given in accordance with Luxembourg Law, there is no quorum requirement at the second general meeting, at which resolutions shall be passed at a majority of two thirds of the shares research or represented.

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MANAGEMENT

How a pressing need arose for a rescue plan

Mike Hall explains the unravelling and restructuring of one of Malawi's most important conglomerates

he newly appointed chief executive had hardly unpacked in his hotel room before the man from the World Bank had songht him out - desperate to discuss the new corpo-

So significant was the Press group of companies to Malawi's economy - it controlled or had shares in many of the country's big companies -that sorting out the mess it had got itself into was vital to the programme of economic reform the Government had begun in 1981 with help from the IMF and World Bank. Some observers said Press Holdings was insolvent. It had borrowed short-term money for

hardly service the loans, let alone pay them back. "The position was critical," says Wyndham Freyer a Briton and former managing director of Guinness's brewing operations outside Europe, who was called in five years ago to see the group through a politically sensitive process of reconstruction. "If Press had foundered there would have

long-term projects and could

been severe repercussions on the economy," he says now.

Most critically, Malawi's
main financial institutions would have gone bankrupt with it, according to a local economist. Press had borrowed heavily from the National Bank of Malawi and the Commercial Bank of Malawi – in both of which it was a major shareholder – and from ADMARC, the crop marketing board, the resources of which came from the Treasury.

Press Holdings was horn before the country's indepen-dence as Malawi Press Ltd, a company set up by Dr Hastings Kamuzu Banda, now the country's life president, to publish a newspaper to further the inde-

After independence in 1964, observere say, Banda saw the formation of a conglomerate of companies acting both as a catalyst in developing the private sector, and as a source of funds for the Malawi Congress Party

of which he is leader.

Press Holdings grew rapidly
in the 1960s and 1970s, investing in almost all sectors of the Malawian economy, especially estate agriculture. Today it is the world's eingle largest tobacco grower.

The company's origins and ownership had caused much confusion. It is sometimes referred to as "quasi-public". A report from USAID the US Government aid agency, once remarked: "Malawi's private sector is alive, doing well and owned by the government."

But a local economist argues

that the philosophy was sound. "After independence Malawi chose a capitalist path. It was important for entrepreneurs to understand the opportunities and take them. Press provided the example."

By the early 1980s - mainly because the objectives of the group were never clearly defined - the giant had gone out of control.
"It was oversized, badly-man-

aged and making huge losses," says a local businessman. "It also had a vast web of investments tangled up with parasta-tal organisations. For instance, it had joint invest-ments with the Malawi Development Corporaton, a public sector development organisa-tion, and with ADMARC - a

duplication of effort, Reconstruction began in 1981 with Freyer's South African predecessor doing a lot of "very valuable hatchet work" by reducing over-manning and

starting to rationalise the busi-ness. But a more fundamental change was needed. One proposal put forward by

Press He	oldings ('000 Kwa	acha)
Year (to Sept 30)	Turnover	Pre-tax profit
1984	122,232	1,596
1985	265,297	11,185
1986	294,195	18,194
1987	362,401	38,143
1988	470,426	55,663
4.5 Kwacha = 21		

a consultant based overseas. and as such apparently insensitive to local politics, was to cut down and fragment Press Holdings, a move which effectively would have put an end to the company.

Not eurprisingly, thie was opposed by top politicians and government officials who then made up the board of directors. The second plan, in which the local firm of the consul-tants Peat Marwick, had a hand, was accepted. The World Bank gave its hlessing, although the IMF was understood to be less happy as it was opposed to government inter-

Nevertheless, the Govern-ment had to obtain IMF approval before guaranteeing the indebtedness of the group which was the basis of the reconstruction proposal. A new company, Press Group, was registered. It had a new and dynamic board of directors, some of whom were

senior civil servants. Press Group took over the assets and liabilities of Press Holdings and formed Press Corporation to which it transferred only the assets. Press Corporation then had a clean

Press Group retained the lia-hility of some 127m kwacha in 1983 (then \$112m); the Government agreed to bail it ont by accepting income notes to be repald over 25 years in the form of redeemable preference

As part of the exercise, the shares of Press Holdings were vested in the Press Trust, a registered charity "for the ben-efit of the people of Malawi". President Banda is the principal trustee.

Press Corporation then began to set about going into profit so that it could provide dividends to Press Group to pay off the Government. The first major exercise was to reorganise the joint investment portfolio of Press with the Malawi Development Cor-poration (MDC) - and ADMARC

Some of the investments had been ill-considered. Both Press and MDC owned 50 per cent of some companies. "No one quite



Dr Hastings Kamuzu Banda: saw a conglomerate of companies as a catalyst in developing a private sector

knew who was supposed to be managing them," says Freyer. Shares in most of Malawi's top companies were swapped between the three, a move that in effect redefined their activi-ties into Press (commercial), MDC (development catalyst),

and ADMARC (agricultural).
There was also some obvious streamlining to be done. Press owned a supermarket chain and a hardware company, both of which were working independently with their own retail outlets each of which had its own overheads. The two were put together to reap the bene-fits of economies of scale.

Once the restructuring had been completed, the task was to strengthen management. "It was all quite hasle, says Freyer. "We had a minimal number of central disciplines of which financial control was

overriding."
An in-house management team, which included a financial controller, a director of operations (both expatriates), and a Malawian group com-pany secretary recruited by Freyer, spent time with each operating company, ensuring that staff understood the potential of the business, what was expected of them and that they were properly motivated.
"We tried to create a framework of rules which gave the operating companies room to manoeuvre, but we were ruth-less with the control of

money," says Freyer.

An in-bouse treasury was established from which 85 per cent of the group's capital Although there are still a large number of expatriates in senior management, none was brought in to replace Mala-wians, though a few Malawians replaced expatriates. Company policy is to bring in mora Malawians. initially, profits had to be

ploughed back into repair and maintenance of the group's fabric - including the reequipment of the transport fleet - which had heen allowed to deteriorate.

But after five years, the con-glomerate, which accounts for about 35 per cent of Malawi's Gross Domestic Product, appears to have returned to the straight and narrow.

It registered a record 55.7m kwacha pre-tax profit up to September 1988, with its sub-sidiaries in agriculture, distrihutlon, manufacturing and financial services turning in a profit. And this despite a difficult time for the economy as a

Press Corporation has been able to pay hack substantial parts of the government loans, reducing those dna to Press Group from K47m (\$17.6m) in 1987 to K28m (\$10.5m) last year. It was also able to donate 950,000 kwacha to the Malawi Congress Party. "We are way ahead of targeted projections,"

Why 'mobbing' is costly

Sara Webb reports on bullying in Swedish companies

he Swedes may have a reputation abroad fur being polite and courte-ous, if somewhat reserved, but it seems they are not averse to hullying their workmates.

According to Dr Heinz Ley-

mann, an associate profes at the National Institute of Occupational Health, a government-funded body, "mobbing" or ganging up on others at work affects between 2 to 3 per cent of the working population in Sweden and can prove costly for the employer, since an unhappy employee is usually less productive.

His research has focused attention on what kind of company or work set-up is most prone to continuous fighting among employees, how the problem can be recognised and what should be dune about resolving such conflicts.

So far, research suggests that weak management and poor organisation lead to a higher incidence of conflicts; he believes that middle man-agers need to be much more aware of the problem and tackle it at an early stage. Leymann started his research into mobbing after he

was sent the diary of a 50-year-old woman who had com-mitted suicide because of continual harassuent at work. He believes the problem results in 200-400 suicides a year and constitutes "one of the most important and more frequent psycho-social problems in the work environment."

In separate etudies con-ducted in Stockholm and Gothenburg, two of the white-collar trade unions discovered that over half their members who sign without having another job do so because they cannot stand the conflicts to which they have been exposed

His own questioning of workers and managers at SSAB, a Swedish commercial steel company, showed that:

2.5 to 3.5 per cent of employees suffer from mob-

6 4 per cent of respondents had been subjected to this almost every day and 12 per cent said it had continued for between ons to five years;
• there appear to be differ ences between sexes in that men prefer to freeze out their enemies by no longer communicating with them while women tend to slander or ridicule each other very effec-

men are mainly picked on by individuals — either a workmate or superior — while women are mobbed by groups

of workmates. Some of this mobbing could almost be called a way of passing the time when It happens among people doing boring and monotonous work," says

He definas mubbing or harassment as "hostile and unethical behaviour directed unethical behaviour directed by one or more persons in the work place at an individ-nal... these actions take place almost every day and over a long period of time (from six months to several years in some cases) and result in con-siderable psychic, psychososiderable psychic, psychoso-matic and social misery", ie it is not simply a case of one big

bust-up.
According to Leymann, mob-bing includes the following: insinuations, continually crit-icising someone's work, totally ignoring someone, questioning

'Some of this mobbing could almost be a way of passing the time'

their indgment, attacking their private life, putting them in a work place which is isolated from everyone else, ridi-culing them in front of others, imitating their mannerisms or the way they walk and talk, attacking their religious and political beliefs or ethnic back-ground, and vandalising their home or office. It has been suggested that

perhaps the Swedes are being hypersensitive, Professor Ake Dann in a recent book on the Swedish mentality emphasises the Swedes' notorious dislike of confrontation and conflict, or as he puts it, there is a "tendency toward conflict avoidance in face-to-face interaction."

As a result, adds Leymann, the natural instinct is to bury the problem rather than discuss it, so it just becomes

The increasing awareness of the problem in Sweden has led many companies like Trygg Hansa, an insurance company, and Marieberg, which owns the newspapers Dagens Nyheter and Expressen, to

resort to employing or bringing in on a temporary basis personnel consultants and therapists to from out differences at an early stage. Ley-mann stresses the importance of making lower and middle managers aware of the sort of problems which can crop up. However, he helieves that often the manager dnes not realise there is any problem until far too late in the day. when the builying has already

taken its toll on the underdog'e work.
"At that stage, it is often
easier and cheaper to move the underdog to another joh, but in many cases that is a clear violation of their rights and the bully will just find another

victim," says Leymann.
For example, Sweden's strict
labour laws make it impossible to fire an empinyee because he or she does not get no with others; nne popular ploy is to mnve the person within the company to a non-job, stuck in a small room of their own with no telephone

their own with no telephone and no work to do.

In other cases, companies have resorted to unethical methods such as continual harassment — constantly criticising the person's work and bringing job vacancies at other companies to their attention in the hope that they will see of their own accord.

go of their own accord. While the therapist or personnel consultant may prove valuable in sorting ont per-sonal differences within a department or office, often the problem is more deeply rooted and reflects lnusy organisa-tion, poor management and a lack of good communication. according to Leymann. If employees don't know what is expected of them or are overloaded with work, they become stressed and more prone to conflicts in the office. Leymann cites the case of a

town hall department which was completely reorganised in nrder to save mnney. As a result, nearly every employee had a change in his or her job duties, room, and work mates. At the same time, the incidence of sick leave shot up, 20 per cent of the employees started looking for new jobs, over half ended up working overtime without reporting it. and many more conflicts cropped up in the office.

The reorganisation had com-pletely destroyed the social network in the department.

It's all part

of life's

high-tech

HOLIDAYS on the planet Neptune, a physical barrier against acid rain, robotic home helps and a cure for Aids

- these are some of the forecasts to emerge from a compe-tition involving 1,000 UK

school children.
For the contest, organised by Bayer, the West German chemicals company, pnpils from British secondary schools had to predict how technology would shape society over the next century. Their ideas were depicted in futuristic versions of the Bayeux Tapestry.

tapestry

The state and

TECHNOLOGY

Show-case plant clears the air but at considerable cost

David Goodhart explains the difficulties that beset the cleaning up of a coal-fired power station in West Germany

to two power sta-tions near Helmstedt in West Germany, must rank as one of the most disheartening environmental ehow-cases in

That is not because it is failing in its job of extracting acid-rain-creating sulphur emissions from the flue gases – although there were teething troubles – but because of its geo-political location.

For Buschhaus and Offleben, part of the Braunschweigische

part of the Braunschweigische KohlenBergwerke utility, lie just on the western side of the border dividing West and East Germany. From there they now release into the atmosphere less than one per cent of the sulphur created by burning the local soft brown coal. But just across the border in East Germany is the Harhke power station — part of a pre-war private utility — which belches out its unfiltered sul-phur on to both sides of the border. Occasionally, the East Germans call up their former colleagues in West Germany to ask for spare parts for their "dirty" plant; but it will be some years before they copy their environmental protection

avy McKee's award-winning desulphuris-ation plant, attached years, on pain of plant closure. Considerable progress towards the elimination of sulphur dioxide has already been made and last week the Environment Ministry announced a 50 per cent reduction in sulphur pol-lution over the past year. It is estimated that the clean

air laws will cost West German industry a total of DM 23bn (£7bn) over the next few years. Although East Germany does not have that sort of money to spare, it is not oblivious to the environment. Davy McKee, the engineering and construction arm of Davy Corporation, is about to complete a smaller £40m desulphurisation plant for the Rumelsburg power sta-

tion in East Berlin. Both Buschhaus and Rumelsburg are using the regenerativa desulphurisation technology developed by Davy'e Wellman-Lord subsidiary. Capital costs are typically 20 per cent higher than the other main desulphurisation technology, the limestone-gyp-sum method, but the regenerative process produces a more valuable by-product sulphur or sulphuric acid, and is more

environmentally friendly. Flue gas desulphurisation "dirty" plant; but it will be some years before they copy their environmental protection strategy.

Rigorous clean air laws in West Germany require the virtual elimination of sulphur dioxide (sox) and nitrogen oxide (oox) over the next few

The process involves passing the sulphur dioxide through limestone to produce calcium sulphite which is then converted to gypsum. Its disadvantages are unattractive limestone quarrying and insufficient demand for the

gypsum by-product.
The Wellman-Lord process, the most successful regenerative method, is used at more than 40 power stations world-wide. It works by absorbing the sulphur dioxide into a solu-tion of sodium sulphite which creates sodium bisulphite.

The sodium bisulphite is then heated to create sulphite solution, which can be used again in the absorption pro-cess, and liquid sulpbur dioxide which can be turned into

Both the limestone-gypsnm and the regenerative methods require huilding chemical plants within power stations. At Buschhaus, the desulphuris-ation plant is about half the

station's area.
It consists of two hugs absorbers which cool down the flue gas and take out the sulphur dioxide which is then transferred to a regeneration unit where the liquid sulphur is produced. Trains carry away this liquid to the BASF chemical plant in Ludwigshafen where it is turned into sul-phuric acid.

The main input is caustic soda, which costs about DM ter, in which temperatures as 190 per tonne. That is more low as minus 27 deg C forced it

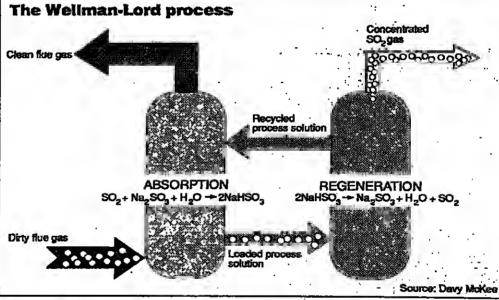
expensive than limestona but much smaller quantities are required and the sulphur by-product (also about DM 190 a tonne) is more valuable than

a tonne) is more valuable than the gypsum.

Supporters of the regenera-tive method point out that the gypsum process is much bulk-ier, requiring about 590 tonnes of limestone a day to create 1,300 tonnes of gypsum (for a 350 megawatt plant), compared with 19 tonnes of caustic soda producing 200 tonnes of subproducing 200 tonnes of sulphur in a regenerative plant.

Davy McKee has just won

the German Recycling Award from the Raw Materials Trad-ing Association for its work at Buschhaus. However, it has proved a costly show-case. The plant was handed over in April, more than a year late and nursing a loss of about \$27m on the \$150m contract. The company won the Buschhaus contract in June 1986 following violent protests at the power station over the failure of a tall chimney to remove the sulphur poliution (the low-nox bollsr ensures that nitrogen oxide is not a problem). The utility, one of the biggest employers in this depressed border area, was forced to sbut down the plant and only allowed to restart it on condition that it quickly built a desulphurisation plant.



SO2 from the dirty gas is absorbed into a solution of sodium sulphite, reacting chemically to form sodium bisulphite. In a separate section of the plant, the loaded solution is regenerated by the application of heat. This drives off the SO2 and the sodium sulphite solution is recovered to be used again for absorptinn. SO2 from the regeneration process can be made into any of several valuable by-products.

to erect a huge tent to allow welding to continue. Although the flue gases were being cleaned satisfactorily, as soon as the desulphurisation plant started operation at the end of 1987 there was a problem with the recycling. Too much sulphate (oxidised sulphite) was being produced, which meant a higher than expected consumption of caus-tic soda. The part of the plant

which sypboned off the sul-phate had to be extended. David Ashman, manager of Davy's desulphurisation tech-nology group, was summoned to lead a task force to solve the problem. The 50-strong group, which included leading chem-

problem, but It turned out to be something rather simple.

All previous plants using the
Wellman-Lord system had used
perforated metal to combine the gases and liquids. Busch-haus's "random packing" sys-tem was allowing in too much

Ashman is philosophical about what must have been a months. He points tense few months. He points out that the problem was dis-covered in time to save a repeat at the Berlin plant and that the search for a solution threw np a few discoveries which might be patented. The desulphurisation market

is already becoming saturated in the leading countries – Japan, the US, West Germany, the Netherlands and Austria – ists such as professors Ken Porter and John Mullin, discov-ered 20 possible causes of the ing up. So Ashman sees the best prospects for growth in the Eastern bloc "when they can afford it."

can afford it."

The main competition to both the gypsum and regenerative methods comes from fluidised bed combustion (see accompanying story) which creates subhur-free flue gases. There is also a rival to the Wellman-Lord regenerative method in the US. This uses a magnesium-based solution, but produces only sulphuric acid instead of the sulphur, culphur dioxide and sulphuric acid of the Wellman-Lord process.

For the immediate future.

For the immediate future, therefore, Ashman is confident that he is offering the best, if also the most costly, desulphurisation treatment on the market

of the Bayeux Tapestry.

The 101 entries included some highly intricate drawings on scrolls up to 20 metres long. A team from Aberaeron Comprehensive School in Dyfed, Wales, won the section for 14 to 16-year-olds. In the 11 to 13 section, first place went to Pates Grammar School in Cheltenham, Gloucestershire. Just under half the entries

Just under half the entries discuss the possibility of a cure for Aids, while 28 per cent depicted video telephones as commonplace. The Aberaeron "tapestry" features chemical replacements for blood, space telephones, antomatic dust collectors for houses and ways of unblocking arteries. ways of unblocking arteries.

There were a few hints of genuine leaps into uncharted scientific areas, such as use of chemicals to delay the human growth process, turning people into real-life Peter Pans.
One notion involved shortening the radio-active decay

process. If this were achieved, applications could range from providing more stable nuclear fuel to giving scientists new diagnostic methods.

Each winning school will get £1,900 from Bayer to spend on equipment, plus a free trip to Bayeux in France to see the real tanestry. process. If this were achieved

The competition unearthed The competition unearthed one Margaret Roberts, a chemistry teacher from Clwyd, who told the organisers she approved of the way it helped pupils to appreciate the benefits of science. The comment would undoubtedly go down well with another Margaret Roberts who studied chemistry—the one from Grantham who later went on to become Prime Minister.

Peter Marsh

The French beef up the supporting role of coal-fired power stations

he French electricity industry is planning a chain of coal-fired power stations to supplement its use of nuclear energy.

The programme, announced by Electricité de France (EdF), highlights the contrast between France's electricity policy and that of Britain, which is trying to diversify from coal to other fuels including nuclear. It also highlights diverging trends in power station design on both sides of the Channel. While Britain is turning against the idea of build-ing new coal-fired stations in favour of smaller gas plants, the French are

busy scaling up new technologies for use in big coal burners.

Edf officials say that, together through a series of combustion chambers and cyclones to ensure maximum heat release and to retain with Charbonnage de France, the state coal company, they are seeking to develop the first large pollution-free coal station incorporating equip-ment that is currently only available in much smaller units. If snccessful, it will usher in a series to be constructed over a 15-year period

starting in 1995.

The plants use a system called circulating fluidised hed comhustion (CFBC). It takes its name from the way the hurning fuel is whirled sulphur and nitrogen pollutants.

The CFBC system retains more than 90 per cent of the sulphur in the fuels and can cut nitrogen emissions to half the strict ceilings permitted in environmentally sensitive California. The hoilers typically achieve thermal efficiency of at least 37 per cent, comparable with the Central Electricity Generating Board's most up-to-date coal plants, such as those at Rugeley, Stafford-shire, and Drax, North Yorkshire.

EdF has commissioned Lurgi, the West German engineering group, to design the first 250 megawatt (MW) unit which would later be scaled up to 600 MW. It is also being assisted by Ahlstrom, the Finnish engineer-

EdF says the new plants would serve as semi-base-load stations, which would be switched on whenever demand exceeded the output of the base-load nuclear stations. They would replace existing coal and oil plants, which are costly to run and could not meet the increasingly tight environmental standards laid down

by the European Community

With nuclear power supplying the
bulk of France's electricity needs,
including its exports to other European countries, the number of new
coal-fired stations would depend on
such factors as the performance of
the nuclear sector, long-term fossil
fuel prices; ovarall electricity
demand; the progress of other nonnuclear technologies; and environmental considerations.

The same system has been nicked

The same system has been nicked for the first of a chain of low-pollution private power stations in Britain planned by British Coal:

However, the French plants will be four times as powerful as the first UK pit-head plant proposed at Bilsthorpe, Nottinghamshire.

Nearly 150 CFBC hollers have been huilt or ordered in various parts of the world, including 76 in North America and one in Britain for a Scottish paper mill. Ablistrom has designed about half the world total. Lurgi, which specialises in bigger plants, claims an equal share of the market in terms of generating capacity.

Maurice Samuelson

FT LAW REPORTS

Lack of funds does not justify writ extension

BALY AND ANOTHER WEARREST AND OTHERS
House of Lords (Lord Bridge of Harwich, Lord Brandon of Oak-brook, Lord Griffiths, Lord Goff of Chievelsy and Lord Jauncey of Tullichettle): May 18 1989

THE VALIDITY of a writ may be THE VALIDITY of a writ may be extended for good reason only, and the balance of hardship between the parties is not a factor to be taken into account by the court when deciding whether there is good reason, though that may influence its decision whether or not to extend once good reason has been established. And an unexplained lack of funds to proceed with the action is insufficient reason for extension.

extension.

The House of Lords so held when allowing an appeal by the defendant accountants from a decision of the Court of Appeal in Northern Ireland, refasing to set aside the extension of e writ-issued by the plaintiffs, joint liq-uidators of DSQ Property Co Ltd., formerly De Lorean Motors Cars

Ltd (DMCL).

LORD BRANDON said that LORD BRANDON said that DMCL was formed in Northern reland in July 1978 to implement a project of Mr John De Lorean for the production of a car known as DMC-12.

The Northern Ireland Development Agency and the Department of Commerce provided funds for the project DMCL built a large factory and carried on

a large factory and carried on business until February 1982. By then it was in grave financial difficulties with net liabili-ties, said to be about 2113m,

made up of secured debts to the government of £14m, unsecured

government of £14m, unsecured debts to the government of £66m, and unsecured debts

On February 19 1982 joint receivers and managers were appointed. On October 28 a compulsory winding-up order was made. On November 16 the pistness tiff liquidators were appointed.

The defendants in the action were four linked firms of accountants practising as Arthur Andersen & Co, in Dublin, Belfast, London and Detroit.

The liquidators' writ was

The liquidators' writ was issued on February 21 1985. It claimed damages for breach of contract, negligence, misrepresentation and breach of duty in the preparation of DMCL accounts. Leave was obtained to issue concurrent writs on the three firms which were outside the jurisdiction.

The defendants solicitors did all they could to promote prompt service of the writ, by assisting the plaintiffs' solicitors in identifying the right firms and partners to be sued; by offering to accept service on behalf of all defendants; and by indicating their wish that service should take place without delay.

On Echyparat 4 1985 the plain.

delay.
On February 4 1988 the plain-tiffs' solicitors, without ever hav-ing informed the defendants' solicitors of any difficulties about serving the writ, made an expante application to the court for extension of its validity. The application was supported by an affidavit deposing that detailed investigations into the audits, though carried out con-tinuously, were not yet com-pleted; that the issues were complex; and that the DMCL working papers were voluminous and not easily assimilated. Master Wilson extended the validity of the writ for one year, until February 20 1987.
The defendants applied to the court for an order setting aside Master Wilson's order.
Their application was supported by a collection was supported by the collection with the collection was supported by the c

Their application was sup-ported by an affidavit which stated that at no stage of their conversations, meetings or tele-phone calls with the plaintiffs' solicitors had it ever been suggested that the writ could not be served within 12 months of issue by reason of complexity of issues or volume of documenta-tion.

A further affidavit was sworn

A further affidavit was sworn by the plaintiffs' solicitors in reply on May 7 1987.

The principal fact which emerged from it was that the effective reason for delay in service was that the plaintiffs had lacked the funds necessary to enable them to prosecute the action properly following service.

The receivers were concerned on behalf of the government as secured creditor, and the liquidators were concerned on behalf of the government as unsecured creditor.

creditor.

The liquidators hoped and were given reason to expect that the receivers would fund the action. The funds, however, were not provided.

The defendants' application to set aside Master Wilson's order came before him, and was dismissed by him. Their appeal to Mr Justice Carswell was dismissed. The Court of Appeal in Northern Ireland also dismissed an appeal. They now appealed

an appeal. They now appealed urther. Order 6 rule 7 of the Rules of the Supreme Court (Northern Ireland) provided that a writ was valid for 12 months, and that where it had not been served the court might extend its validity. The rule was the same as RSC Order 6 rule 8 in England, and was interpreted and applied in

the same way.

In Kleinaurt Benson [1987] AC 597 the House of Lords isid down the following principles: (1) the power to extend the validity of a writ should only be exercised for writ should only be exercised for an arrange was one (2) the question good reason; (2) the question whether good reason existed depended on the circumstances; (3) the balance of hardship between the parties could be rele-vant to the exercise of the discre-

vant to the exercise of the discretion; (4) the discretion was that
of the judge and should not be
interfered with on appeal except
on special grounds.

In Waddon [1988] I WLR 309
the House of Lords emphasised
that the question of balance of
hardship could only arise if matters amounting to or capable of
amounting to good reason for
extension had first been established.

extension had first been established.

If not, the effect of principle (1) was that there was no room for the exercise of discretion at all, and the question of balance of hardship did not arise.

The defendants relied on two main grounds of appeal. The first was that the plaintiffs had failed on their ex parts application of February 4 1988, to make full and frank disclosure of all relevant matters.

it was a well-established general rule of law that when a party made an ex parte application of any kind, he must make full and framk disclosure of all relevant matters. That rule applied in particular to applied in particular to applied to a strategies of the strategies. lication for extension of a

The February 4 affidavit did not contain full and frank dis-closure of all relevant matters. It

made no mention of the fact, dealt with in the second affidavit of May 7 1967, that the reason the writ had not been served within 12 months was lack of

funds.

If the plaintiffs had deliber-If the plaintiffs had deliberately sought to deceive the court the appeal would have been allowed on that ground alone. However, the defendants disavowed any contention of bad faith. It was accepted that the want of full disclosure was the result of mistake rather than deliberate policy.

On that basis the appeal would not be allowed on the ground of non-disclosure alone.

The second ground of eppeal was that Mr Justice Carswell had erred in law in treating the halance of hardship as relevant to the question whether good reason for extension had been shown.

shown.

It was clear from *Eleinwort Benson* and *Waddon* that if the judge treated the balance of hardship as relevant to good reason for extension, he erred in

law.

He said, with reference to
Kleinwort Benson, "One can say
now that e plaintiff seeking an
extension must show good reason... and the matters which
he may put forward as good reason... may include... hardahip to the plaintiff in being
deprived of his claim".

He departed from the principles laid down by the House of
Lords, and in that respect he
erred in law. The consequence
was that an eppellate court
was entitled to review his
decision.

It was clear from the plaintiffs'

months of issue was lack of funds to prosecute the action properly after service. Had those funds been available there was nothing in the evidence to show that difficulties arising from complexity of issues and volume of documentation could not have

been overcome. His Lordship did not go so far as to say that lack of funds could never amount to good reason for extension of the validity of a

no satisfactory explanation had been given for the receivers' fall-ure to provide the necessary funds in time to avoid delayed service.

The receivers and the plaintiffs had a common interest on behalf of the government as secured and unsecured creditor, in the institution and effective prosecution of the action.

It was an inference from the history of the matter that the receivers did provide the funds some time between May 1987 and September 1987. There was, however, nothing in the evidence to show why they could not have done it earlier. The plaintiffs had not shown good reason for extending the

Their Lordships agreed.
For the defendant account FP Giroan QC and WS Stephens (Herbert Smith). For the plaintiff liquidators: Michael Lavery QC (Birkbeck

Rachel Davies

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DM 500,000,000 Floating Rate Notes 1985/1990

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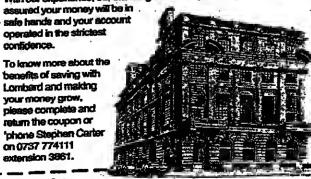
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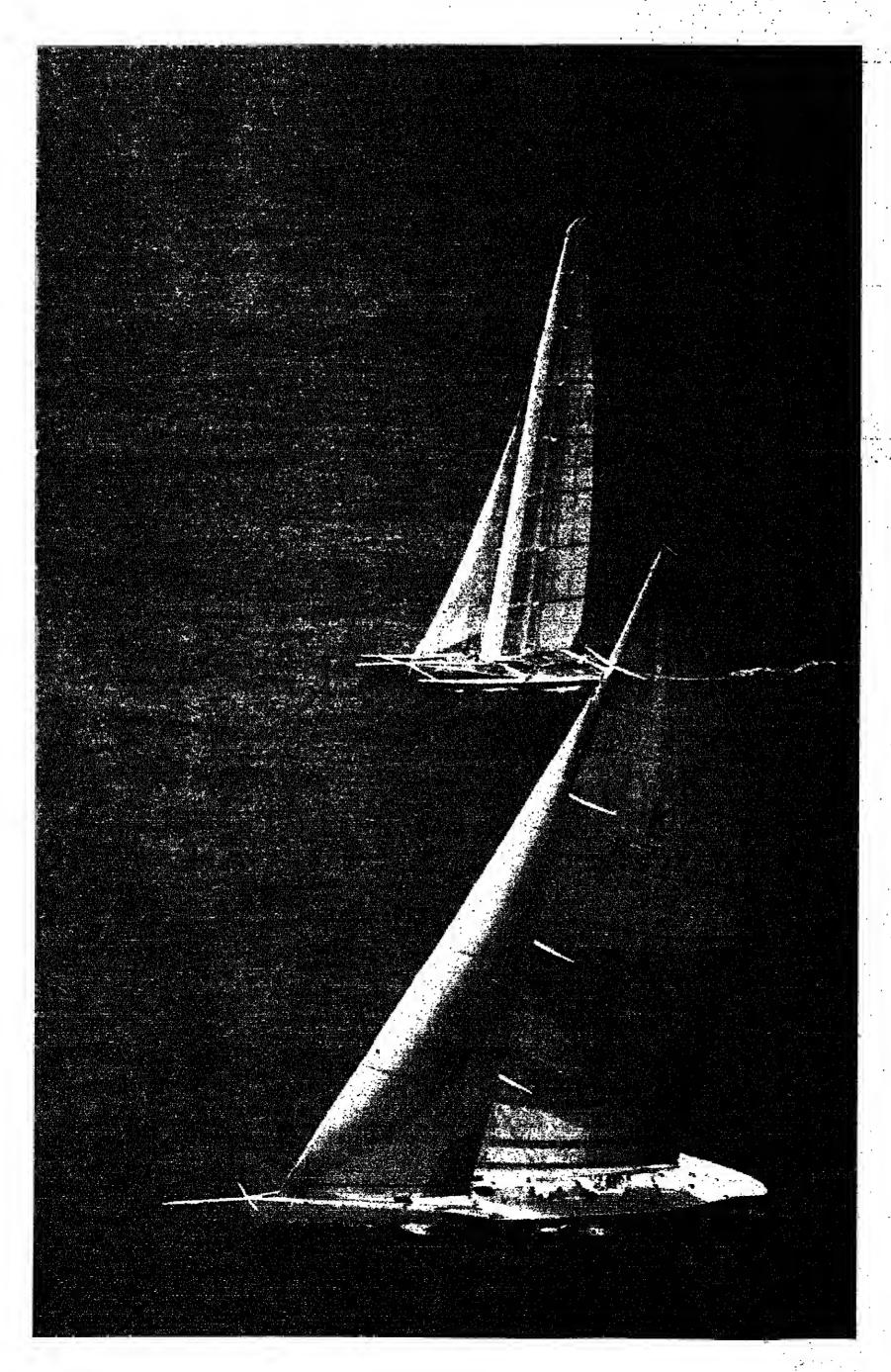
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THE POSSIBILITY MADE REALITY.

FINANCIAL TIMES



In an Island enjoying unprecedented prosperity with an unemployment rate down to 112 per cent

the outlook for the future should be exceptionally sanguine. However, the government is facing a number of socio-economic difficulties.

lan Hamilton Fazey reports

Problems amid the prosperity

THE Isle of Man — that ing and the Isle of Man estableasant, self-governing Crown dependency in the middle of tha Irish Sea — is enjoying unprecedented prosperity. It more. has an unemployment rate of only 1½ per cent, a generally rising standard of hving and greater international prestige as an offshore financial centre than at any time in its history.

Happiness should be univer-sal, but it is not. Indeed, the island and its government face a series of predicaments that will require political skill to resolve. How they cope will measure the Island's maturity and how far it has shaken off the backwater image which afflicted it until only a few

First, however, consider the achievements and the way they have been brought about. Hindsight now makes it clear that a banking disaster sparked them all off.

The Isle of Man Savings and Investment Bank collapsed in 1982 with £42m of depositors' funds, many of them the life savings of local people. An outcry ensued over the government's supervisory standards for the island's financial industry. These standards have been tightened progressively ever

A Financial Supervision Commission was established with wide regulatory powers. It imposed a three-year embargo on new banking licences and it laid down that auditors had to carry the sort of indemnity insurance that only the biggest

Confidence returned in international markets. When banking licences were eventually issued again it was to a crop of hig-name newcomers - subsidiaries of UK clearers or merchant or international banks. Of the 54 banks on the island now, only two are privatelyowned, adding the safeguard of public shareholder accountability for most.

While all this was going on the UK economy recovered and the City of London strengthened its position in internamarkets, creating demand for easily accessible offshore services. With the

There are still some loose ends: after a long and meticulous investigation aided by Metropolitan Police frand spe-cialists and instituted by Mr David Cannan, who becama Finance Minister in 1986, arrests of the former senior officers of the Savings and Investment Bank were mada last year. Their trial is due this

If uncomfortable facts are revealed about the old days, the island's government now feels it can ride out any ensu-ing storm, though whether it will eventually offer an ex gratia compensation scheme to some of the depositors may decide the affair's eventual political burial.

The final confirmation that the island had got its regula-tory machinery right arrived. last autumn when it became a designated country under the UK's Financial Services Act. the first offshore centre to

achieve this status.
It meant that the UK recognised a parallel degree of investor protection and would allow the Isle of Man financial sector to sell its products in UK markets. Expansion that was already well under way has in some cases been almost explo-

Take the experience of Clerical Medical Insurance (CMI). When Mr Mike Richardson, ecunve o based company's Isle of Man subsidiary, set it up in 1987 he went to Douglas looking for 2,500 sq ft of effices, enough for between 10 and 15 people. The only space he could find

was 6,500 sq ft, so he took it, expecting to have to find a sub-tenant to help him fill it. This month the company moved to a new building with 25,000 sq ft of space. It is taking half now and will be expanding from its present 60 staff to 100

within a year. Growth in professional services to support the burgeoning finance sector has also heen startling. Indeed, Mr Peter Pell-Hiley, the head of



ISLE of MAN

tock on the island, says a shortage of accountants is looming, with most firms recruiting ahead of need.

Peats started with 1,000 sq ft in 1982, donbled its space a year later, has 10,500 sq ft of a new office block in Athol Street now, and Mr Pell-Hiley wishes he had taken more. He expects his 75 staff to expand

to 100 next year.
Touche Ross, which started its present operation from scratch only four years ago, now has a complement of 33 and has doubled in the past

It has taken the top two floors of the Bank of Scotland's new offices and although it has breathing space it expects to burst out in three years, At Barclays Bank's head office in Victoria Street, staff-

ing has risen from 47 to 95 in a year, bringing the total to more than 200. It is second in size to the Isle of Man Bank a NatWest subsidiary — which says its payroll is growing at 10 per cent a year and is now

Liverpool two years ago to beef up Barclays' operations, is looking for more space nearby and considering whether the bank should build an extension in its car park.
The pressure on space is for-

cing up rents, though Londonmarvel that they are still only £13 per sq ft, compared with about four or five times as much in the City for an

equivalent standard of space.
The shortage and the prospects of good returns has sparked a property develop-ment boom, with new office blocks rising quickly. The Cresta group is in the van-guard of locally-based developers, while Norwest Holst has moved in from the UK, setting

struction industry have been acute for several years, but have become desperate now. Hundreds of work permits have had to be issued and one building company has solved its accommodation problems by creating a village of site buts to house its immigrant workers.

The island cannot supply enough labour. Professional and white-collar jobs are also chasing people. The finance sector has created hundreds of them for able young people on the island, offering them good pay and long-term career prospects. Both the Isle of Man Bank and Barclays can now offer careers for school leavers. where only the former could do so in large numbers previously. Indeed, Barclays now has two training officers as opposed to none before. It took on 30 recruits last year and plans an intake of 43 in the next 12 months.

For the first time in its his-tory, the island's brain drain of young talent is slowing down Mr Eddie Shallcross, who Previously, many young people moved to the island from left for university in the UK and never returned because there were no jobs to come back to. The graduate intake of the finance sector now includes many returners.

This tightness of labour sup-ply is, however, more of a cri-sis than a blessing. It is constraining growth, forcing up wages and prices and raising a real spectre of inflation. It has stopped the government pro-moting the island. This has meant a brake on the drive of previous years to attract new manufacturing industry to balance the finance sector

Paradoxically, this is protecting some small, inefficient businesses which can only survive by paying low wages. Indeed, some would rather see the drive for inward manufac-

for labour would raise wage levels and force a shake-out of the poorer quality employers.

The reason why is that the island bas always lagged behind UK wage levels and used to sell this as an attraction for manufacturing indus-try. This has added to the social pressures caused by rapid growth because the finance sector now tends to pay at the levels of sonth-east England, rather than the English north-west, as previ-

The gap between earnings in the finance sector and the rest of the economy is therefore increasing social and political tension. For example, as house prices rise it becomes more dif-ficult for local, less well-paid first-time buyers to get into the

Here, the government's response has been a build-forsale deal with the construction

ment has contributed cheap land to keep down prices of houses, which then have to be offered initially to first-time buyers. The buyers in turn can get a 4 per cent government mortgage if they qualify as low

Mr David Cannan in three imaginative budgets has used the new-found prosperity to raise taxation thresholds, create a 15 per cent standard income tax rate and offer full transferability of allowances between husband and wife.

It means that a couple can earn a total of £24,000 before slipping into the island's higher tax bracket of 20 per cent. Significantly, bowever, 83 per cent of the working popula-tion pay tax at only 15 per cent, indicating the extent to which the Isle of Man remains a relatively low-wage economy.

The struggle the government faces is to balance the area's

growth hy spreading benefits elsewhere in the economy so as to ease the insecurity of those with least to gain. Adding to the difficulty are those on the island who have always resented "come-overs", their disparaging term for immigrants. They have a wider focus for prejudice now and it manifests itself in some rather

uncomplimentary slogans.

Mr Miles Walker, the Chief
Minister, is saddened. He has achieved every politician's goal of delivering rising prosperity and full employment and is by general consent holding the balance well between stability and inflationary growth, between lopsided advance and social justice.

For example, the employ-ment protection legislation he has framed with the help of Collinson Grant, the Manchester specialist consultants in the field, is far more generous than the UK's, with a right to claim

KEY FACTS

Location: Irish Sea, 30 miles from England, 16 from Scotland, 48 from Wales and 27 from Ireland, Latitude: 54 dag 3min-25sec N, longitude: 4 deg 18min-47sec W.

Flying time: London and Birmingham 60 minutes, Glas-gow and Edinburgh 50 minutes. Manchester 45 minutas, Livarpool and Dublin 35

Area: 221 sq miles. Length: 32.5 miles (52 km). Width: 13.5 miles (22 km). Perimster: 100 miles (160 km). Longest rivar: Sulby, 10.5. miles (17 km). Highest peak: Snaefell, 2,036 ft (621m).

Record sunshine: 1,655 hours. Record rainfall: 1,052 mm, Lowest temp: -7.7 deg C, 1982

Highest tamp: 28.9 dag C,

Population: Approx 70,000 Capital: Douglas, approx pop Gross national product: Approx £300m.

Island splendour: A glittering view of Douglas with the sea terminal in the foreground set against a backdrop of the

unfair dismissal after only three months' employment, compared with the UK's two

He says: "We always recog-nised there would be some social pressures from developing as a modern offshore financial centre. There is a small number of people who think we are going the wrong way about solving them, but I would he more interested in their point of view if they would tell us a hetter way of going forward. I feel we have a lot of support among most peo-

His blg test will come in the autumn when Tynwald, the island's parliament, bas to approve the reappointment of his executive council of ministers, his Cabinet. Mr Walker says be will not fudge the issue. His government's record is a package and he will back his ministers en bloc, in effect. turning the issue into a vote of confidence.

If they go, he will go, so he will be forcing Tynwald to make up its mind whether anyone else could do better. Since no one in the island's recent history has delivered more to so many, few observers believe

up strong management on the island. KMG Peat Marwick McKlinturing investment continuing Channel Islands full to burst-

An island success story

Sue Stuart looks at the effect of building societies on the economy

ONE of the Isle of Man's biggest success stories over the past year has been the advent of hutlding societies, two of which already lead all their UK branches in attracting invest-

The island started looking for building society business in 1983, when it was felt international awareness of the Isle of

triate market,

Man as a finance centre needed bolstering. It was also felt the presence of UK blue chip and

trusted savings institutions would help dispel anxiety after the 1982 collapse of the Savings and Investment Bank on the island, and restore confidence in the non-resident and expe-There are five building soci-



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best of today's technology.

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eties on tha Isle of Man – Bradford and Bingley, Britan-nia, Leeds Permanent, Nationwide Anglia and National and Provincial. Although the need for build-

ing societies on the island had been identified in 1963 it was not until after the UK 1986 Building Societies Act became law, widening the powers of societies, that definite moves were made in this direction. While the UK policy appeared to be working towards putting banks and building societies on the same footing, it was still leaving building societies without the ability to tap offshore money, and this was the aspect which particularly concerned

the Isle of Man.
Although the island could have allowed building societies to establish full-blown operations before the UK Act it seemed prudent to wait, espe-cially as the UK Inland Revenue was anxious about possible leakage of money.
The UK Building Societies

Commission was also concerned that the Isle of Man had no experience in supervising building societies and that they themselves had no experience of supervisory bodies outside the UK.

In 1986 the island passed its own Building Societies Act and set up the necessary supervisory and administrative infrastructure to deal with the presence and business of societies. The authorities decided to experiment with six licences on the island stipulating that the societies must be of impec-cable pedigree, well known and respected in their fields.

Regulatory controls cover

standards of professionalism, conduct, advertising standards and accounting as well as laying down the degree of commu-nication required with the

supervisory body.
The island's government sees the main market of building societies as foreign and expatriate offshore deposits, while also entering the domes tic deposit-taking and lending

Local banks have undoubt-edly felt the breeze as societies began doing business on the island, but the Manx Financial the overall effect has been to create healthy competition that is proving beneficial.

"There are many people, par-ticularly the elderly, who really need that extra one per cent on their income, so building societies play a very valu-able role," said Mr Jim Noakes, banking supervisor and executive commissioner of the FSC. UK residents on the island are quite used to building soci-

eties, but they are new to the indigenous Manx people who initially demonstrated some but are now forming a steady flow of depositors.

Mr Noakes feels building societies are very competitive in the offshore deposit market. However, the economic cycle, with interest rate increases in the UK, is not favourable now for them to be pushing strongly for a large deposit

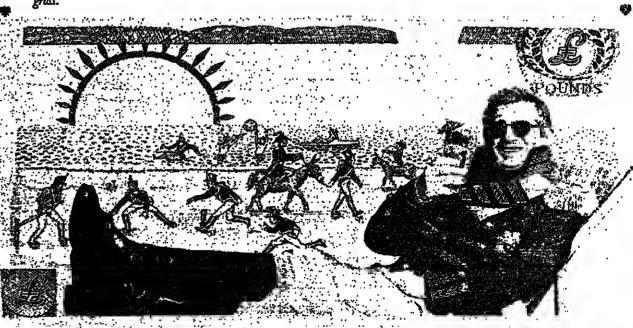
Demand for loans has also flattened. However, be bopes vigorous marketing of building societies' services will soon Continued on Page 3 Sending your money on boliday isn't as silly as

Bardays Finance Company in the Isle of Man provides a specialist service to personal and business customers with capital sums to invest.

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BARCLAYS ISLE OF MAN FINANCE COMPANY. Mr. Howard Pilley.

on request from the Manager,

lan Hamilton Fazey assesses the rapid growth in the island's finance sector

Haven for international investors

THE Isle of Man's deposit base has just surged by a record £350m in a single quarter towards £5bn. The tigure is important because the size of the base is the simplest but most telling indicator of inter-

national confidence. Mr Jim Noakes, the island's banking supervisor and the only executive member of the Financial Supervision Commission, says: "It is the only benchmark we have at present to gauge how the financial sector is doing. The last quarter of 1988 was already a record but included £80m from small deposit takers who did not

have to report before.
"Even if you allow for high interest rates compounding what was already there, two-thirds of the increase was additional and real. Since our real forte is private banking, involving trusts, individuals, expatriates and families, rather than corporate business, we are being seen as a safe place-for people to put their own money.

The emphasis oo private husiness explains the still relatively small size of the deposit base compared with the Channel Islands, where the figures are several times larger because banks have more cor

porate clients. However, it is oot so much rate of growth that is important as a measure of confidence. Ten years ago the base



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stood at only £352m. The biggest yearly rise came in 1988, when the base gained 26 per cent to more than £4.6bn. Deposits rose by 8 per cent in the fourth quarter. The armual increase was £963m -£438m more than the previous biggest recorded rise in 1985 and bigger than the island's entire sterling deposit base at the end of 1981, which then

was £912m The island's main attraction in the private banking and savings market place is that interest is paid gross, unlike in the UK where composite rate tax ensures that interest is taxed at source.

"It is the Isle of Man's unique selling point," says Mr Mike Richardson, head of Cleri-cal Medical Insurance in Douglas and chairman of the

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grubby end of the market



Jim Noakes: Our real investment forte is private banking

	ISLE OF MAN	DEPOSIT BASE	
	Sterling (£m)	Non-sterling (£m)	Total (Em)
1978	342	10	352
1979	S11	19	530
1980	692	51	743
1981	912	120	1032
1982	1103	197	1300
1983	1336	263	1599
1984	1681	345	2026
1985	2181	390	2551
1980	2766	428	3194
1987	3220	446	3666
1988	4049	580	4629

island's Fund Managers' Asso-

CMI has found gross invest-ment plans useful in all its markets. Its own rapid growth in 1988 came when fund management businesses stalled while the industry waited for the island to get designated status last autumn under the UK's Financial Services Act. The company had to com-

pensate with its life policies, which it administers from Douglas and sells from there and through new offices in Hong Kong, Gibraltar and Cyprus, so with its fund management side now picking up further expansion is inevitable. The first non-UK bank on the island was the Canadaowned Royal Trust, which set

the island when be was four,

arrived from Vancouver last

up in 1976. Mr Mike Belfie, a Manx-born Canadian who left

December to run it. It has come a long way in 13 years.
"We bave £225m in deposits

and assets and are in a growth phase," he says. "There is a lot of good qoality business to be done with people in the UK and with expatriates around the world. But we are now doing a lot of mortgage lending into the UK in foreign curren cies, such as Swiss francs, Deutsche Marks, and Canadian dollars. Our threshold is £100,000 and up to 60 per cent of the value.

Mr Andrew Beeman arrived in February to run N.M. Rothsness. It had been managed previously by accountants Pannell Kerr Foster, but when it won two local portfolios it opted for its own man. However, Mr Beeman pro-

vides a valuable insight into actually live. In spite of pressure on office bow far the island has yet to

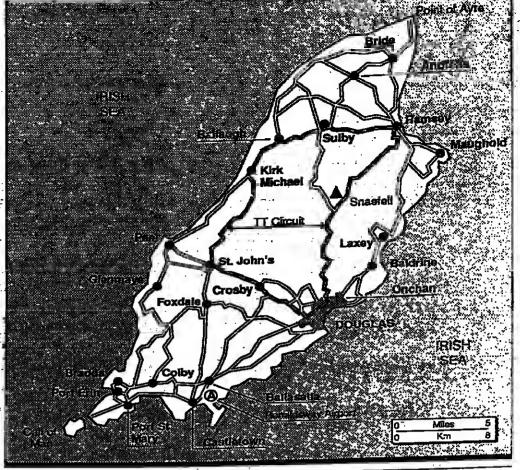
go and bow much more oppor-tunity there is to develop its finance sector. "Living here finance sector. "Living here has been a complete culture shock for someone like ma with many years in the City," he says. The quality of life is much higher than you experiance commuting daily from Weybridge. We have found no antagonism from local people, right dendliness and help. And only friendliness and help. And I bave been very impressed with quality of intermediaries and professional services. "When I was sitting in Lon-

don my perception of the island was not what it is now. I saw it then as a low-profile place with a slightly shady background. Tight regulation has turned it round and created confidence. The island now needs more international marketing to give its financial sector greater visibility around

Barclays Bank, however, impressed the island's government most in the last 18 months. It is second to the Isle of Man Bank in the retail mar-ket - and probably always er cent share and an intensely marketable local loyalty to play on because of its name. Barclays launched the

island's first full international private banking service this month. Where competitors operate under a trust banner, we look after both the banking and the trust side, offering one-stop banking for affluent people," says Mr Ron Henry people," says Mr Ron Henry, who is in charge.

"The normal minimum account value is £500,000 but we will take less, looking at each customer on his or her merits and potential," he adds. The operation has 500 customers, including wealthy residents and non-residents who comprise an internationallybased clientele. Barclays offers to co-ordinate their various bank accounts and assets all over the world, wherever they



created for clients to use as a base in Douglas. There they can relax on luxurious settees upholstered in soft, pink leather. Barclays' deposit base rose by 40 per cent compared with the island's 26 per cent

last year.

"We are aiming to be regarded as the main corporate banker on the island," says Mr Eddie Shallcross, the manager sent from the UK to wake the bank up in its market place. The policy has seen a 400 per cent increase in foreign currency deposits in 12 months, mainly from companies - par-ticularly umbrella funds and ship management - setting up on the island and wanting money transfers and foreign

The most unusual achieve-

ment so far was to pay one to prevent abuse. Manx-registered company's dividend to its 7,000 sharehold-

ers in Australian dollars. The island continues to wage war on what Mr David Cannan, the Finance Minister, calls the grubby end of the market and every time action is taken against a less reputable opera-tor, so inquiries increase from aminently respectable public companies looking for a safe

offshore base. The strength of regulation, coupled with labour shortages, this month encouraged Mr Noakes to launch a managed offshore banking licence. In effect, the Isle of Man is to allow foreign banks to set up "brass plate" operations on the island. They will be able to open subsidiaries which will be managed by banks already

there, but subject to tight vet-

ting of licensees and managers

The appeal will be to banks which want to operate from an offshore centre close to London but which do not want the expense or commitment of setting up a full branch or subsidiary with its own local manage-

To control the risk of fraud or laundering of money obtained from crime, the island will approve applications only from what it calls "prime" banks in jurisdictions exercising "proper" licensing and subscribing to the international concordat on banking supervi-

Targets are Swiss, Gulf, Japanese and US banks which are under-represented on the island at present. The first applications are already in.

Sue Stuart looks at the extended property boom

Developing a new skyline

DEVELOPERS, builders and estate agents are experiencing an extended boom on the Isle of Man as they endeavour to keep pace with demands of an

expanding finance sector.

Donglas seems to change face almost daily as old build-ings are demolished, girders are erected, cranes and teams of hard-hatted men move in, and new office blocks or shopping arcades take shape. Out of town, old chapels and cottages are being converted to new residences, brand new bomes are being built and bousing estates expanded, while "for sale" signs go np and come down all over the island. All the while demand contin-

ues to outstrip supply, so prices continue to increase in all sectors of the property mar-

Mr Michael Chapman, of Michael Chapman and Co, let-ting agents for many larger office developments on the Isle of Man, said the demand is from a mixture of new businesses and established companies outgrowing their existing



The company is run by Mr John Campbell, who demands

high standards of workman-ship from his tradesmen, and Mr Hewitt explained that when

the boom occurred the com-

centrates on attracting tenants in the high-tech field.

Also based in the Freeport

Also based in the Freeport area, but on a separate lease directly from the Manx government, is the Pacini complex, part of the De Beers Corporation. The company has completed two buildings on its fire area city with place leid.

five-acre site, with plans laid

down for more, and is now operating successfully in the

Estate agents have been kept particularly busy in the resi-dential market and Mr Keith

Kerruish, director of Chrystal Bros Stott and Kerruish, said

sales have been approximately 50 per cent to new residents

and 50 per cent to local people. He feels there is more "status"

buying of larger homes by local people than in the past as they attain higher wage levels

in the economic upturn, but

regrets the island has culti-

vated a number of manor

bonses. "There were none before the 1970s, and it is

rather alien to our culture," he

market bad always slowed

industrial diamond field.

Cranes dominate tha skyline in Douglas where new office blocks are taking shape to meet the axpanding demand

premises. He explained that rentals vary between £10 and £13 per square foot, depending on location and standard of the

property.

Most new entrants take from Most new entrants take from 2000-3000 sq ft, he said, and some larger companies with a few years on the island, such as Allied Dunbar and Clerical Medical International, have taken between 20,000 and 40,000 sq ft. Mr Chapman said some larger lettings are based on future requirements of companies, so they sub-let part or parts of the premises on shorter leases, anticipating their own future space require-

One major scheme, expected to begin this year, he feels will attract great interest is the redevelopment of the Villiers Hotel site on the seafront, It will include a 125-bedroom hotel and serviced apartments aimed at the expanding business community and built to high specifications, as well as

an office block.

Another site already attracting tenants is the imaginative development at Douglas har-bour, at the lower end of the town's banking area. The development, hy resident mil-lionaire Mr Albart Gubay's company Montrose Holdings, includes 55,000 sq ft top grade office space, facing the town's business centre, and attractively restored shops and a restaurant on the harbour front taurant on the harbour front with a landscaped courtyard in the middle which will be used for an open market on Satur-

High standards of development are also being sought in the residential property field and Manx-based builders and developers Tudor Homes report they could have sold property built this year 10 times over, all in the £100,000-£200,000 bracket. Mr Ronald Hewitt, the company sales manager, said toe boom had largely begun about two years ago with most purchasers coming from UK expatriate communities or the Channel Islands where restrictions are placed on property

some time to come. Chrystals have found a change in the market and

although there has been an overall increase of 38-per cent in selling prices over the past year, this has been highest in terraced and semi-detached houses, which increased prices by 77 per cent and 61 per cent respectively.

on the island means a free-

wheeling property market for

since Christmas," said Mr Ker-ruish, "with the greatast demand now in the level up to £100,000. In spite of this there are still buyers at the top end and our company recently sold a country house for a figure well in excess of film. Sub-stantial increases in house prices since 1986 have created rate problems for the indigenous population, particularly first-time buyers. Mr Kerruish said he is pleased with initiatives taken by the Manx gov-ernment to provide first-time bnyer homes in tha town's £27,000-£38,000 range but adds he is most anxious that the current schemes are extended

pany took a decision not to expand in order to retain these to all areas of the island.

The plight of the island's high standards.
Mr Campbell's company is also involved in commercial first-time buyers and those in buildings in Douglas are being converted to offices, has been consistently highlighted by the devalopment and one of its major schemes is the Isle of Man Freeport. Officially local media over the past 18 months. In many cases wages opened last year, an extensive and luxurious administration building has been completed, have not kept pace with price increases in the property mar-ket, making the idea of owning even containing a Jacuzzi for visiting business people, and by September 15,000 sq ft of accommodation will have been built and let to tenants, with a a first home beyond the wildest dreams of many local young people. At tha same time, reduction in the amount of property to rent has added pressure on those seeking further 17,000 sq ft already in tha pipaline for completion after that. The Freeport con-

somewhere to live. In response to this the Manx government has introduced a low interest rate home loan scheme for local residents, starting at 4 per cent and ris-ing annually by 1 per cent to 9 per cent, and undertaken major huilding schemes of first-time bnyer homes and local authority housing.

Mr Michael Savage, chief executive of the department of local government, explained the scheme consists of 420 first-time buyer units and gov-ernment is able to achieve prices starting at £27,000 by absorbing land costs itself and meeting infrastructure costs. One hundred and fifty-two of the units, mainly three-bed-roomed semi-detached houses, are under construction and the first 24 have been completed and are now occupied.

The scheme is operated in partnership with developers – for instance, Norwest Holst is building around 70 houses in ather alien to our culture," he the Douglas area – who provide the design and then tender for the countract. The sale m the past the Manx property is then done between developer and purchaser and Mr Savage down in line with the UK mar-ket, but he feels expansion of international finance business scheme.

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THE Isle of Man boasts the largest number of life assur-ance companies of any offshore centre on its side of the Atlan-tic, with nine top names in the insurance field having established substantial bases on the island, compared with two on Jersey and two on Guernsey.

Growth has followed the introduction of tighter controls by the 1986 Isle of Man Insurance Act which led to increased confidence in the try and the potential client base Business is mainly in the UK expatriate field but companies are rapidly expanding to cater for expatriates of other nations by producing a range of products tailored to suit different circumstances in this

worldwide market.
Holders of offshore life cover in the Isle of Man benefit hecause they are free from exchange controls and they can accumulate funds during the period of the policy and can receive payment at mafurity without deduction of tax. in many countries of residence payments can be made from the Isle of Man without the recipient incurring any fax Hability, but because expatriates tend to move around they are always advised to consult a local professional.

The insurance company also tands to benefit from substantial tax breaks if it registers as a tax-exempt insurance company. To qualify for exemption. underwriting profits and lesses must arise solely from risks ontside the island, or with other exempt insurance companies, and it needs to comply with regulatory controls of the local insurance authority.

These include a minimum share capital of £500,000 and tha maintenance of any solvency margin set out by the anthorities. It has to file annual financial statements and quarterly returns and its

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The Carlotter

Sue Stuart traces the rapid growth of 'captives'

Offshore base for insurance

tory status in the insurance field in April 1988, had a bene-

ficial effect on marketing,

because it demonstrated the island is well regulated and so

Another company thriving in the expatriate market is Clerical Medical International,

part of the Clerical Medical

investment group, which in 1987 set up its Isle of Man-based CMI insurance Company

to sell to international inves-tors. The company launched its

first product in February 1988

and now offers nine.

Most of its products are tailored to suit British expatri-

ates, but can be used for other foreign nationals, and it also

offers one designed for Far East nationals. Mr Ed Watling,

CMI insurance product manager, said although the staff

has expanded from its original 10 in October 1987 to 35, the company already has about 2,500 clients and expects to

need more staff by 1990. He explained the company is

constantly seeking new mar-

kets and working on product development, but he feels the Isle of Man has now earned a

name as the offshore life insur-

ance main base, so this aids

the company's marketing.
A different side of the insur-

boosts client confidence.

sional indensity cover of at least £10m. While not paying income tax, an exempt insurance company will pay an annual duty fee of \$2,500 annual duty fee of \$2,500.

The Eagle Star group found some years ago there was a large pool of British expatriates needing to invest in life cover but with no relevant place to do this, so it selected the Isle of Man as a stable base and hegan writing hysiness.

the Isle of Man as a stable base and began writing business there in 1983. The operation has grown from its original two employees into the head office of Eagle Star (International Life) with 90 employees. From its Douglas office the company services around 9,500 clients worldwide. Mr Bobert Mathers, marketing services manager, said while the core manager, said while the core market remained UK expatri-ates it was now doing a lot of business with expatriate of other nationalities. For instance, we have found a major market among non-resi-dent indians living in the Gulf. for whom we have tailored a specific product; as well as Australian and light expatri-

ates for whom we also have specific products," he said. The company now has chents in most areas of the world and has evolved a system of structuring a new product for particular needs in about two months, providing the product fits in with the company's com-puter software. A totally new

ance industry that has been developing steadily is that of "captive" insurance companies - wholly-owned subsidiaries concept may take up to a year. Mr Mathers feels that the of the parents that deal with the parents' insurance. Professionals involved in running them are surprised more com-panies in the UK and Europe are not encouraged to set up similar operations.

A company usually forms a captive as the most economically effective means of covering its own insurance require ments, wholly or partly. Above a certain level of annual insurance costs, particularly disaster insurance, it is cheaper for companies of large or medium size to run their own insurance companies, to produce their own profits as well as to reduce the premiums paid. Captives based offshore have

the added advantage of tax deferment possibilities and favourable tax regimes for their insurance funds and while Bermuda has for years been the favourite base, the isle of Man has more than 60 operating within its territory. Or Bull Hastings, Isle of Man insurance supervisor, said:

"The captives of today differ from those of 10 years ago there is much more interest in captives being centres for risk management and risk control within an organisation - a management tool in their own right rather than just a tech-nique of ameliorating high insurance costs."

Dr Hastings insists on a high standard of operation for Manx-based captives, viewing them as a part of the island's financial services structure that gains credibility for the island in the world's financial market place. He stresses he will not tolerate "brass plate" operations.

The strategy certainly appears to be working, with licences issued to applicants from all over the world includ-ing Australia, Europe, the Mid-dle East, South Africa and the US as well as the UK, where licensees inc British Gas. es include Jaguar and

The 1986 Act decreed central management and control of captives must be on the island and they fall into two categories; those managed by a man-ager registered under the Act and those run by the company

Dixons set np its own in-honse operation on the island in July 1986 where it handles mainly extended war-ranties business from its 1,000 stores in the UK. The business is underwritten in the UK then reinsured in the Isle of Man. Mr Martin Wabster, the man-ager, said: "Prior to this we were insuring in the market and so losing profit." He added that the company needed to come offshore to make the idea of running its own insurance company sufficiently attrac-

Captive management compames find the Isle of Man particularly suitable for their UK clients. "It has the psychological advantage of ease of communi-cation - Bermuda is a long way away," said Mr Duncan Donald, Alexander Stenhouse manage

Operating in this field through its offices around the world since the 1970s, Alexander Stenhouse now manages captives for eight major companies from its Isle of Man office and Mr Donald said most people find Manx legislation very satisfactory. "It imposes a dis-cipline and has a rigorous reporting requirement."

Bowring Captive Manage-ment, part of the Marsh and McLennan group, is run on the island by Mr Jim Routledge, who has just arrived following four years in the same husi-ness in Bermuda. "I find the captive market in the UK is way behind North America he said, "and I feel there is tremendons room for expansion, particularly among the economically middle range of companies.

RAPID and substantial expansion of the Isle of Man finance industry has placed increasing legislative demands on the Manx government and social and environmental pressures on the island's commu-

The resident population is estimated to be more than 70,000, an increase of at least 6,000 on the 1986 census. Unemployment has fallen by nearly 70 per cent in two years and the 500 registered unemployed with residential qualifications fall into categories not easily placed, so the growing finance sector and ancillary services will rely on imported labour

for future growth.
Emphasis on education has shifted towards training children for jobs in finance and information technology skills, though Mr Alun Davies, the Manx director of education, said many local students still follow pure academic and pronal studies

Children are introduced to information technology at an early age, with electronic mail-boxes installed in primary schools enabling pupils to communicate with counterparts worldwide. At the island's College of Further Education a fully equipped electronic office, financed by British Telecom, is used for student training.

Constant communication takes placa between the island's education anthority, UK universities and the local business community to promote and encourage direction in education that will ultimately serve the needs of both employers and employees.

Mr Davies said a few years ago only about five students a year attended the college's banking courses, but this year 160 enrolled, a trend he sees matched in other husiness

The Manx education department, together with the Char-tered Institute of Bankers, and Salford University, have set up the world's first degree course in offshore finance, expected to begin in 1990. As the college expands its facilities, retaining staff to teach husiness and finance is proving a problem because many leave for better paid jobs within the industry.

This is a problem facing the Manx government in general, as civil servants and manual workers move to the private ector for higher wages. Wage differentials are common fea-tures of sudden economic growth and the situation on the Isle of Man causes considerable unhappiness to many of the island's lower paid, whose education and training does not qualify them for jobs in higher wage sectors.

Mr David Cannan, the Manx Finance Minister, said he designed this year's budget to aid the low paid by raising tax thresholds to place 83 per cent Social pressures force changes

Fresh direction for education in the classroom

people and change does not

come easily," said Mr Walker. He added that changing cir-cumstances in the island had

produced varied reactions

among islanders, "for some it

is a question of learning a dif-

ferent discipline, but for others

it represents a breakdown in the quality of life."

home land one of the most strikingly heautiful places in

the British Isles, with vast tracts of untamed land in its

hills and valleys, and they dis-

play a keen desire that it

remains unspoiled by overdev-elopment or pollution. Envi-ronmental concerns have been

mostly external until recently

but the population increase has added local pressures.

Sellafield nuclear reprocessing plant which is just 30 miles off

the north coast of the island.

The Manx government, together with the Irish government, has a stated policy of demanding closure of Sellafield

and non-proliferation of nuclear installations around

the Irish Sea, which it claims

are potentially damaging to the

livelihood and well-being of its

it would do everything it could to prevent plans going ahead

for an underground radioactive

waste disposal unit at Sellafield Mr Dominic Delaney, Min-

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tinencial institution to be established on the Island.

The Manx government said

One external concern is the perceived pollution threat of

Islanders consider their

of the taxpayers in the lower tax rate of 15 per cent. In his budget speech Mr Can-nan said: "The increased beneand tax reduction are intended to assist the retired and to ancourage and reward those in the engine room of our economy, so that we may con-tinue to fulfil the promise of a prosperous and caring society, which is the cornerstone of our policy." However, he expected increased economic activity in the island would produce higher earnings for the popula-

Mr Cannan's budget was not greeted with enthusiasm by everyone and feelings among

'We are a cautious people and change does not come easily'

the island's low earners were summed up by Mrs Hazel Han-nan, a member of the Manx parliament, who said: "We are giving more money to the rich and little to the poor. In the middle of all this the people who don't pay taxes are worse off and pay is oot rising for the low paid, as I feel it should." Mrs Hannan said tha £6m that income tax changes will cost the Manx government would be better spent on local services and care for the envi-

While acknowledging today's social pressures created by the economic upturn and popula-tion growth, Mr Miles Walker, the island's Chief Minister, said people tended to have have forgotten the social pressures of three years ago, when unemployment was rife and some people could not meet their financial commitments, often needing to leave tha island to get work. "I believe, compared with those of three years ago, the social pressure of today are more eagerly tackled, particularly housing, now government has the

resources," he said.
"The huilding of a prosper ous and caring society was the phrase on which this Govern-ment launched its policy document," he said, "and while the Government has a role to play it rests largely with the people of the island, and I believe the majority do care."

ister for the Environment, said: "They may be able to put it in their own backyard but they are not putting it in ours.

At the same time the island is tackling home-based pollu-tion problems. Last year the water authority undertook a large project to remove excess aluminium from the river below Sulby dam, installing limestone chipping beds and a pumping station through which the water passes and attaining up to 80 per cent success in reducing aluminium

There is little pollnting industry on the island, but the Fisheries Authority keeps a watch on conditions of riverbed streams and states that education of farmers, the main

education of farmers, the main polluters, regarding the effects of slurry and silage is beginning to pay dividends.

The siting of an incinerator is planned for the near future to take care of most of the bladd's refused disposed. The island's refuse disposal. The rest will continue to go to landfell. Also under review is the island's mainly Victorian sewage system, which can no longer cope with current population densities, and members of the Manx government are put ting pressure on their colagues to implement renewa and restructuring, not least because the main island beaches would not attain easy bathing standards in their

present condition. While old and new residents do not always agree on plan-ning and designing views or on which particular aspect of goality of life they wish to retain, they seem largely of one accord on pollution issues. and many newer residents join the indigenous mass in their fight against what they per-ceive as spoilage of their natural heritage by land speculators and property developers.

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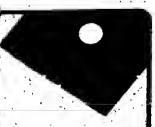
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FREE PHONE 0800 269900 Success story for building societies Wenn, manager of the branch. He forecast a further increase in expatriate business Continued from Page 1 begin among the international expatriate community.

The Britannia opened in September 1988 and Mr David Ful-ton, the manager, said if had received excellent responses to its marketing campaign in expatriate territories, with deposits flowing in from as far affeld as Ethiopia and the US as well as Europe. "The whole office staff looks forward to the mail arriving each morning to see where we have cheques from that day," he said.

He estimates offshore deposits so far have risen to 15 per cent of total monthly inflow, but is delighted that in such a short period it has become the leading investment branch of the society's network of 250 in

The Leeds has also become the top investment branch of 482 Opened in April 1988 it pioand in its first year beat all other hranches, including its Fenchurch Street branch in the

City of London.

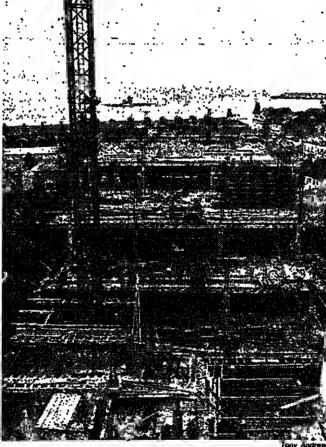
The business it is doing has far surpassed original projections and the company has had to rent more office space. "We thought our shop and offices in the main street would be sufficient for two to three years, but we have had to take additional office space and more than double our staff in just one year," said Mr Malcolm

which now represents about 20 per cent of the society's invest-ment husiness on the island, but he is also very pleased with the local interest. "We have carved a niche for our-selves and for building societies and have now shown we can fulfil a function on the Isle of Man," he said. The latest hullding society to

arrive is the Bradford and Bin-gley which opened for husiness at the beginning of last month and Mr Paul Hutchinson, the manager, said the upturn in overseas residents' husiness generally in early 1988 led the society to decida there was substantial scope for an offshore base, so it selected the Isle of Man.

Its husiness and products are geared very much for the expa-triate and non-resident market and Mr Hutchinson's expectations are to achieve 65 per cent of their income in thet area, based on subjective views rather than hard experience. It is the society's pilot venture and ground rules set now will prevail for the future.

In the words of Mr Fulton, of the Britannia: "Local business is finite, but the overseas business is almost infinite in its quantity," so the next few years could produce remarkable results for all of them.



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The Blue Nuns of TV drama

ime was when televi-sion drama meant the single play: fic-tion created specifi-cally for television (and therefore with the television screen in mind rather than the cinema screen or the West End stage) by people such as Den-nis Potter. Simon Gray, and David Mercer. During the 1960s work of this sort was screened weekly in slots such as Armchair Theatre and The Wednesday Play and millions of viewers became accustomed to watching a remarkably high standard of original fiction on

The single play never disap-peared entirely; from time to time we are still treated to a brief season of such original one-off works, though rarely more than a handful. But clearly today the significance of the single play is not what it was. It was replaced as televi-sion's leading drama form by the serial adaptatioo, and for a while the rule was "The bigger. the better." There were numer-ous examples, but the period is usually remembered for two great works: Brideshead Revisited and The Jewel In The Crown, both produced by Gran-

Now the dominant form is changing again. It is harder to define than its predecessors, partly because the works involved can be presented in a number of different ways; indeed, scheduling versatility is one of its chief raisons d'être. The easiest way to ideotify it is to look at the leading example of the genre, and that is ITV's Monday night offering which is currently being wrapped round both sides of

This week's example, A Tale Of Two Cities (Granada again) lasted about 3-plus hours. began on Sunday, and was shown in three large chunks over two nights. Depending upon the preference of the varlous television companies around the world which buy it, it could, instead, be shown all on one night, in one, two or three bits; or it could be "stripped" through the week, American fashion, with the same starting time each evening in the hope that word of mouth would cause the audience to increase each night. A Tale Of Two Cities is pretty typical in these respects, as it

is in being expensive, interna-tional, and highly commercial. On the other hand it is atypical in being an adaptation from a book. Nearly all the other works seen so far this season in this Monday night position have been "faction" of one sort or another. The Heroes, which lasted four hours and was spread across Sunday, Monday and Tuesday, told the story of "Operation Jaywick," an Allied raid by small boats on the Japanese navy in Singapore during World War II.

STRATFORD EAST

evening at the Theatre Royal one can only sympathise with Jeff Teare and his crew: at

all's foray into reminiscence

theatre is an object lesson in

how not to structure a play -

extraordinarily for a play-

wright who has built himself a

reputation on his workmanlike

ability to churn them out.

Down Every Street



The latest mini-series: Kathie Kriegel as Madame Defarge in "A Tale of Two Cities"

A Dangerous Life was wrapped round the news on Monday, Tuesday and Wednes-day, lasted six bours, and told of the fall of Ferdinand and Imelda Marcos and the rise of Cory Aquino. Murderers among us, the biography of Nazi bunter Simon Wiesenthal, ran for 3-pins hours and was spread across Monday and Tuesday night. And Sword Of Gideon, which was based, pretty leosely by the look of it, upon the Israeli response to tbe assassinations at tbe Municb Olympics, lasted two and three quarters bours, all of

ti on a Monday night.
The only other fictional piece so far has been Jack Rosentbal's adaptation of C.P.Taylor's play And A Night-ingale Sang which, at 1 hour 55 minutes was the shortest of these productions. It chroni-cled the life of a Newcastle family during (yet again) the second world war, and this, too, was shown entirely on

Monday. No doubt the Murdochs and Thatchers of this world would sneer at any tendency to mourn the decline of the single play and the arrival of the "mini-series." What is the dif-ference, they might say, they are both commissioned by are both commissioned by immensely expensive nowa-drama departments keen to days (and I doubt if Ben Kingmaximise their audiences, the main changes being that the Two Cities has all the familiar

new stuff is more expensive. more exciting, and much more likely to have been filmed on location, especially a foreign

All that is true, Sword Of-Gideon, which has been the worst of this collection by a small margin, began to look like a Monty Python satire as it plonked its cast down in front of one clicbé location after another: the Trevi Fountain, Notre Dame, Big Ben. Do the makers really believe that the viewers are so impressionable and chanvinistic that they will stay tuned in to see their own country represented?

Perhaps the intention is, rather, simply to look expensive. Much of And A Nightingale Sang was made on studio sets, but even here there was a shot of a tank factory complete with two tanks, and another sequence involving a German fighter bomber, which did not look to me as though they came cheap. The Heroes appeared to be shot (interminably) all over the Far East; Murderers Among Us contained the most authentic, and harrowing, concentration camp crowd scenes I have ever seen outside documentary footage, and that sort of thing is

costs of period drama. So it is luxurious to look at, and the locations are impres-sive and television is doubtless making life more and more difficult for the cinema as it steals successive sets of the cinema's clothes. Yet however sceptical the Murdochs and Thatchers may be, there are two crucial differences between these productions and drama in the days of the single

In the 1960s the drama departments commissioned writers, and the imagination of the individual writer was the central factor in each produc-tion. Among the mini-series we are considering here, there are only two in which the writer's name is of any significance and tbay are both adaptations. Drama departments no longer go in the first instance to writers. Their first and most impor-tant consideration today is ratings; tha second ls international acceptableness.

The consequent difference the consequent difference between television drama in the era of the single play and in the age of the mini-series is fundamental. Gray, Potter and Mercer used television (Potter still does) as merely the latest way for an artist to reach the public Ac with point point. public. As with paint, print and radio, the purpose was to express and convey as vividly as possible the individual sen-sibility of the artist. The same really cannot be said about Sword Of Gideon or The Heroes which are not in the least con-

which are not in the least con-cerned with conveying a unique view of the world. This is not to suggest that the mini-series are without value. As intended, they are popular, in the UK they are watched by 10m to 15m people and come somewhere between third and 15th in ITV's weekly Top 30 list. Moreover, the best them are outstanding pieces of professional craftsmanship For instance, Murderers Among Us, which has been the best so far, was lit, shot and directed with all the expertise - and the final telling effect on the screen in your sitting room - which you would expect from Brian Gibson, the man who directed such memorable works as Joey and Billion

Dollar Bubble. Murderers Among Us was, like every one of these productions, too long for its own good, yet that is not the chief criticism of the genre. The big-gest drawback is that, with television drama as with wine, if you set out to make your product palatable to a mass public in umpteen different countries, you end up with something which – however popular – is bland and forget-

What we have in the mini-series is the Blue Nun of televi-

Christopher Dunkley

Elektra on the South Bank

The Elektra we heard in Monday night's "semi-staged" concert performance at the Festival Hall is a sort of travelling circus. and the South Bank its latest port of call-though the orchestra Seiji Ozawa con-ducted this time was the London Sym-phony, with its chorus, and British singers filling most of the lesser roles. At the centre of the exercise is Hildegard Behrens, whose incarnation of Richard Strauss's matricidal heroine is indeed astonishing, and whose husband Seth Schneidman is responsible for the semi-

In the Festival Hall the Behrens soprano sounded enormous, as well as beautiful, lustrous, sensitive, accurate and blessed with seemingly limitless resources of power. Toward the end she did a suitably feral dance of triumph

without a sign of flagging; she earned her But this was no one-woman show, for it

boasted also a ripe, expert Clytemnestra from Christa Ludwig (who still has plenty of voice to spare – she is no less of a phenomenon than Behrens) and a glowing Chrysothemis from the youthful American Nadine Secunde, for whom a distinguished career seems assured.

The rough nobility of Jorma Hymmen's

Orestes, and Ragnar Ulfung's cameo of the effete Aegisthus, were equally out of the top drawer. Among the excellent maidservants another young American, the contraito Joan Khare, made a striking

Ozawa clearly has a close technical Ozawa clearly has a close technical knowledge of the score, and he drove it ferociously while preserving unusual clarity. The orchestral sound had a hard glare throughout; Strauss's massive wind section was crowded together on stage, left, confronting the strings, so many an instrumental hiending failed to take. There was hardly a trace of warmth in

any of it, nor much sense of a long musi-cal line as distinct from a series of explo-sions. On the way out, someone was say-ing judiclously, "Shaken, but not stirred":

fair enough.

Even the recognition-scene, fervently sung, remained frigid. The semi-staging provided little more than room for raw, melodramatic gesturing. Nobody wore theatrical makeup, without which Miss Ludwig looked invincibly sweet and kittenish and Miss Behrens squeaky-clean in their swish designer dresses; Hymninen seemed hastily got-up for an after-dinner.

charade.

I don't doubt that Elektra might work very well in a minimal staging, but on every visual count this version sabotaged itself. Ozawa managed, by the way, to rip through the piece in just over 100 min-

David Murray

The Plain Dealer

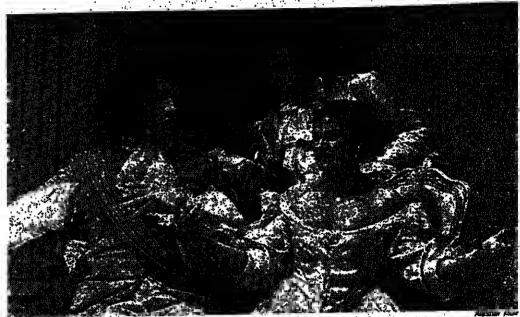
This lumpenly unstylish and cliché-packed plod through a lessar Restoration comedy makes for a grim three hours. Ron Daniels' production is the latest RSC import to London from Stratford where the piece reportedly went better at the Swan. In the Barbican the question of why it was thought worth reviving remains unan-

worth-reviving to Molière swered.

Wycherley's debt to Molière looms large in the scene where his own Country Wife is discussed in prudish terms that recall La critique de l'Ecole des wacherley's deceitful nmes: Wycherley's deceitful femmes: Wycherley's deceifful Olivia emeges as a mixture of both flirtatious Celimene and spiteful Arsinoë in Le misanthrope, from which the scene where her duped admirers compare identical love letters has been appropriated. A dash of the Bard is provided by Fidenia disgrated as a boy to follow. lia, disguised as a boy to follow her unobservant love, sent by him as messenger to his own love, even called Olivia, who then falls for the pretend boy.

Purely (if that is the right word) Restoration elements are

provided by the robust obses sion with money and sex. Sub-plots include a litigation-mad widow and her son, an heir whom she keeps under her thumb but who is whisked away by an adventurer. All this should provide some jol-lity, but the play's rambling construction, after an unconscionably verbose opening, is not redeemed by bitty direction and some desperate playing:



Tom Fahy, Mark Hadfield and Joanne Pearce

Chief offender is David Calder's Manly, a hater of flattery seemingly based on Molere's Alceste. But that principled curmindgeon was never as dour and graceless as this, and Wycherley's own Hor-ner was never so devoid of charm. Mr Calder plays on the same note of bellowing, scowling irascibility throughout. His ferocious attack deprives one great comic moment ("You are in love with her yourselff" he and Marjorie Yates brings the snarls at poor Fidelia in her attack of a Glenda Jackson to

male guise) of all humour, and his slightly precious over-enun-ciation combines with a stran-gulated tenor growl to make Fidelia's infatuation inexplica-

Joanne Pearce as the heartless calculator works like mad, sometimes successfully, to spruce up the comedy; Geral-dina Alexander looks sweet and acts touchingly as Fidelia, after initial vocal woodenness; and Marjorie Yates brings the

the law-obsessed widow. But the paucity of audience laughter told its own story. The pro-duction is as uningratiating as David Fielding's bare design: odd chairs ranged round; some upturned, and modern back wall with light-switch and fuse-box much in evidence. A few polite smiles and a couple of chuckles make a poor return on the interminable invest-

Martin Hovle

Elton John at Wembley

Elton John is up and running. After three years touching those depths which only a talented, popular, millionaire can plumb, he is back where he is happiest, on stage, doing what he is best at, entertaining. There are changes - the show is louder, more brassy, less camp. Elton confines his eccentricity to a few agile leaps in the air, and a couple of drab costume changes, from purple suit to green, from plastic pork pie hat to topper, removed for a quick flash of a blonde crop. But the essentials remain - a rusb through some of the best pop songs of the past two decades performed by the most

poignant star.

He sits, a squat, waxen faced figure, behind his digital piano like the spider at the centre of a gossamer web. Banks of lights frame him, lowering to within inches of his head; his musicians and backing singers sometimes drowning out a voice which seems to have made a full recovery from the

longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated

the musical genre with its back-stage story in which the songs are used as auditions rather than

left him avoiding the top notes within a baroque delivery, with the image on the glant screen on songs like "Daniel." Elton letting one of his backing above him, revealing ageing His conversation is aggres-

through his troubles, and capable of a joke against the Sun-newspaper which he success-fully sned for libel - "My. organ is worth a million." He does not seem happy but he is capable of exciting great joy in others, as you watch the ecstatic fans belt out the hell raisers like "Saturday night's all right for fighting," and flail the air with their fists on Elton's, and the united bruised hearts anthem "Tru ctill stand. hearts anthem, "Tm still stand-

By this time a packed Wembley Arena was on its feet, and it stayed there through the anticipated encores, "Candle in the wind," sung plaintively with much mouthing of the mike, and some hopeful lighter flickering among the audience, and the final "Your song." Some of the treatments were newly elaborate: "Sad Song," for example, was almost lost

singers moon the blues before sively defensive, thanking his he took on the melody. The fans for sticking behind him new album was enthusiastically plugged, and was optimis-tically up beat, but Elton is at his best sharing his anguish with his friends, and some of the polgnancy in songs like "Daniel" disappeared behind the blanket sound, orchestrated by Elton's long time side kick guitarist Davey John-

> It was good to see Elton John on song again. He still looks sad and was strangely nervous at the start, hiding behind his synthesiser shaped piano. Oddly your eyes turned away from the human figure to

hands as he thumped the keys with a full fisted reminder of

By the end the warmth of the applause seemed to have calmed him. His new show built on musical sophistication rather than idiosyncratic clowning, does create a barrier between Elton and his audience, a self protection he does not really need. But he obviously wants to go forward; to shake off the image of a rock Liberace. It is selfish to expect him to remain pandering to the emotional needs of his myriad

supporters. **Antony Thorncroft**

Summerfolk MINERVA STUDIO, CHICHESTER

This confident, sinewy production of Maxim Gorky's dissection of a Russian country May 19-25 estate gathering of "summer visitors in their own country" makes an auspicious launch

for the Chichester Festival's for the Chichester Festival's new Minerva Studio. Sam Mendes' direction keeps the characterisations clear, lines of communication uncinttered. Gorky comes over not as a rougher-hewn Chekhov, as so often, but, in Michael Robinson's new translation of the version by Botho Strauss and Pster Stein, as an abrasive recording angel with a distinc-Take the A Train. Ends May 27 Chicago
Driving Miss Daisy (Briar
Street). The touching relationship between a dowager, played
in this production by Dorothy
Loudon, and her black chauffeur recording angel with a distinctive and individual anger to his vision of these "superfluous people".

At first this dacha recalls.

over the past several decades (348 4000). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-lishment (988 9000).

Kabuki. Kabuki-za Theatre (541 3131). The main work in the matioes programme (11am) is often known as the Woman's Chushinguru; because of its resemblance to the famous story of the vendetta of the 47 loyal samural. One of the pieces in the evening programme at 4.20pm. Sessing One of the pieces in the evening programme at 4.30pm, Sesshu. Gappo on Tsuji (Gappo and his daughter Tsuji), was banned as late as 1937 for its immorality. Bunraku. Laforet Museum, Harajuku (406 1951). Japan's sophisticated puppet theatre, featuring scenes from Kanadekon Cheshingura head on the force the sead on the force the featuring state. gura, based on the famous true story of the 47 loyal retainers (Wed, Thurs at 2pm and 7pm). The Phantom of the Opera, Nisser Theatre (045 903 570). This excellent production (in James excellent production (in Japa-nese) is a carbon copy of the London original.
Blues in the Night. Theatre

Brues in the right. Lucarre Apple, Shinjuku. (587 5444). Musi-cal revue from off-Broadway, featuring black music of the 1920s and 1930s. In English.

design, backed by a canopied pavilion supported by siender posts, provides an arena for posts, provides an arena for adulterous wife, humiliated husband, languid celabrity, lovesick admirer, ineffectual idealist, family-obsessed little wife ("My soul is probably a mass of wrinkles already") and others recognisable not just from Chekhov but from the great Russian tradition of great Russian tradition of indulgent self-analysis of the privileged that goes back to Turgeney and further.

There are, however, cre-There are, however, creations all Gorky's own, especially among the women. The feminist slant emerges clearly. The woman doctor is beautifully played by Dearbhla Molloy, the slightly priggish mouthpiece of liberal principle. The cuckolded engineer, personal unhappiness comsonal unhappiness com-pounded by career-conscinusscale. Here are "children of workers and washerwomen" now "dying of boredom and excess", gaivanised merely into penicky procrastination by the news of a possibly fatal disaster on the building site supervised by one of their number. An intelligent new class of professionals with knowledge of the workers nevertheless sucness, is made by the ever-watchable Dermot Crowley a harassed, bibulous first cousin of his recent poete maximum. dit in Hedda Gabler.

Caroline Loncq makes a stylish and complex figure of the half-reductant unfaithful wife; complex too is Sam Graham's lawyer's clerk infatuated with an older woman. Only Lesley Sharp, so good in new writing, is flat and over deliberate in

style.

The daylight scenes are dominated by the white, cream and beige of the costumes; clothes, like the action, darken (formal evening dress) towards the end of the play. This is a strong encouraging beginning for the Minerva; and a bold choice for Chichester.

Martin Hoyle

ARTS GUIDE

Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experieoce in the role. Judi Dench is a muted Ger-trude, Michael Bryant a superhly husy and dangerous Polonius. Fullish text, but oo emotional or intellectual fire. May 25-June 1 (928 2252).

Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of ber own Hamlet novel. Witty black farce, vitriolic and entertaining (836

National Theatre version of Joshua Sobol's Israeli play about the last days of the Vilna ghetto and its resident theatre company. Moving and shocking Nicholas Hytner directs, Bob Crowley designs, good music arranged by Jeremy Sams, May 24 (928

King John (The Pit). Deborah Warner's RSC revival reveals a oear-masterpiece, hitherto ignored. Worth queuing for, even at the Barbican, May 26, 27-30

rial RSC revival directed by Hyt-nar, with John Wood returning in triumph as the most complete Prospero of our age. Refreshingly unlike mainstream RSC work of late, May 19-27 (638 8891). Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation

some point they must have realised that they were flog-ging a still-born horse, and one would imagine it was sooner rather than later. Vince Foxately recognisable as that of Micbelle of EastEnders. Susan Tully's role in the proceedings is as a linking device with the vestiges of a personal story to explain her presence there - except that a device should be clear and strong, and Miss Tully is patently neither. She barely seems to know how to walk on and off the stage, which is a problem, since ber

role calls on her to circle the neighbouring bomes of the four old ladies, drawing each Having sat through this of four old female East Enders evening at the Theatre Royal - a Trinidadian, a Viennese Jew, an Indian and a Cockney - to the prying tape recorder of (and here's the rub) a young in turn into a description of their past and present lives. One could go on flinging mud at this disastrous concoc-tion, which comes complete returnee whose face is immediwith its jibes at unfeeling That-cherism and its loosely tack-ed-on final vision of a neighbourhood under the bulldozer, but to do so would merely be taking the production on its own terms when it strikes me that there are more fundamental questions to be raised.

Theatre Royal venturad beyond Foxall again, since however capable he has proved himself previously, the project shows all the signs of a tired partnership? Arising from this, isn't it

about time the theatre as a whole moved on from its endless portrayals of the rape of the East End — a dead-end from which even the skills of such as Miriam Karlin, Barbara Assoon and the marvellous Zohra Segal cannot, on this occasion, save it.

Claire Armitstead | surgeon's knife, even if it has

Without subtlety, drama or originality he exposes the lives

THEATRE

The Black Prince (Aldwych). Ghetto (Olivier), Brilliant

(638 8891). The Tempest (Barbican). Magisteeen Prunella Scales as Her

Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. (734 1166). M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying them in New Yorks the play

ing than in New York; the play is not very good but still worth seeing (379 5399). A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feehla off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is

in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (930 2578, cc 839 1438). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428). The Vortex (Garrick). Maria Ait ken and Rupert Everett in bril-liant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation, Mannered excessive, beautifully costumed. (379 6107, cc 741 9999). Henceforward (Vaudeville). Ian

as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's

McKellen and Jane Asher in

bleakly funny and experimental

Alan Ayckbourn comedy of future shock and strained mar-

riage. A tale of obsession, devo-tion, computer music, women

latest is an intimate chamber operetta derived from David Gar-oett's 1955 novella. Musically interesting and well directed by Trevor Num, a cast of unknowns project the right sense of sybaritic insouciance. A proba-ble, but unspectacular, hit (839

Firstly, isn't it about time the

5972).
Icecream (Royal Court). Caryl
Churchill's new play is a dense
70-minute meditation on a transatlantic misalliance between two Americans and their distant English relatives. An intrigu-ingly murderous exercise in style, directed by Max Stafford-Clark (730 1745).
King Lear (Old Vic). Eric Porter in titanic and lyrical form in Jonathan Miller's production. Paul Rogers is Gloucester, Gemma Jones and Frances de la Tour are Goneril and Regan. The light-ing has been described as either murky or a calculated sop to 17th century Tenabrist painting (928 7616, cc 261 1821).

Ivanov (Strand). Alan Bates and
Felicity Kendal lead a new ad
hoc classical company in Chek-

Elijah Moshinsky. Bates interest-ingly renders the critical suicide on Gray character (836 **New York**

hov's first play, translated by Ronald Harwood, directed by

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompanied by the musical and amo-tional flavour of the period (239

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatiantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200), Shirley Valentine (Booth). Pauline Collins hrings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simoo Callow again directs without smoothing any of the Northern English edges their retain an authentic touch.

Jerowe Rohhins' Broadway. (Imperial). Anyone attracted by (Imperial). Anyone attracted by

the notice of a three hours of the notice of a three nours of film trailar previaws will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, includ-ing On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-tal-ents that inspired the heyday of the musical, Romours (Broadhurst), Neil Simon's latest comedy is a self-

conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Cats (Winter Garden). Still a
sell-out, Trevor Nunn's production of T.S. Eliot's children's

poetry set to music is visually startling and choreographically

feline (239 6262). A Chorus Line (Shubert). The

are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos hrings to Broadway lessons in pageantry and drama (238 6300).

Me and Mr. Carl Observice Research (235 cau). Me and My Girl (Marquis). Even Me and My Giri (Marquis). Even if the plot turns on ironic miminicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentions. 1988 is a somewhat pretentious and obvious meditation oo the true story of the French diplomat

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Wabber's haunt-ing melodies in this mega-trans-fer from London (239 6200). Washington American Juke Box (Ford's). fusic from the 1950s and 1960s

whose long-time mistress was a male Chinese spy (246 0220).

is performed by a dozen-strong ensemble directed and choreo-graphed by Edward Love. Ends May 28. Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and

exposes the changes in the South over the past several decades

.Tokyo

talk your challenges, your ideals."
The Minerva's company fleshes out the Russian types with highly promising young actors as well as some estab-lished names. In the semiround, Paul Farnsworth's airy

Chekhov with the sleeves rolled up, a few barely perceptible notches down the social scale. Here are "children of

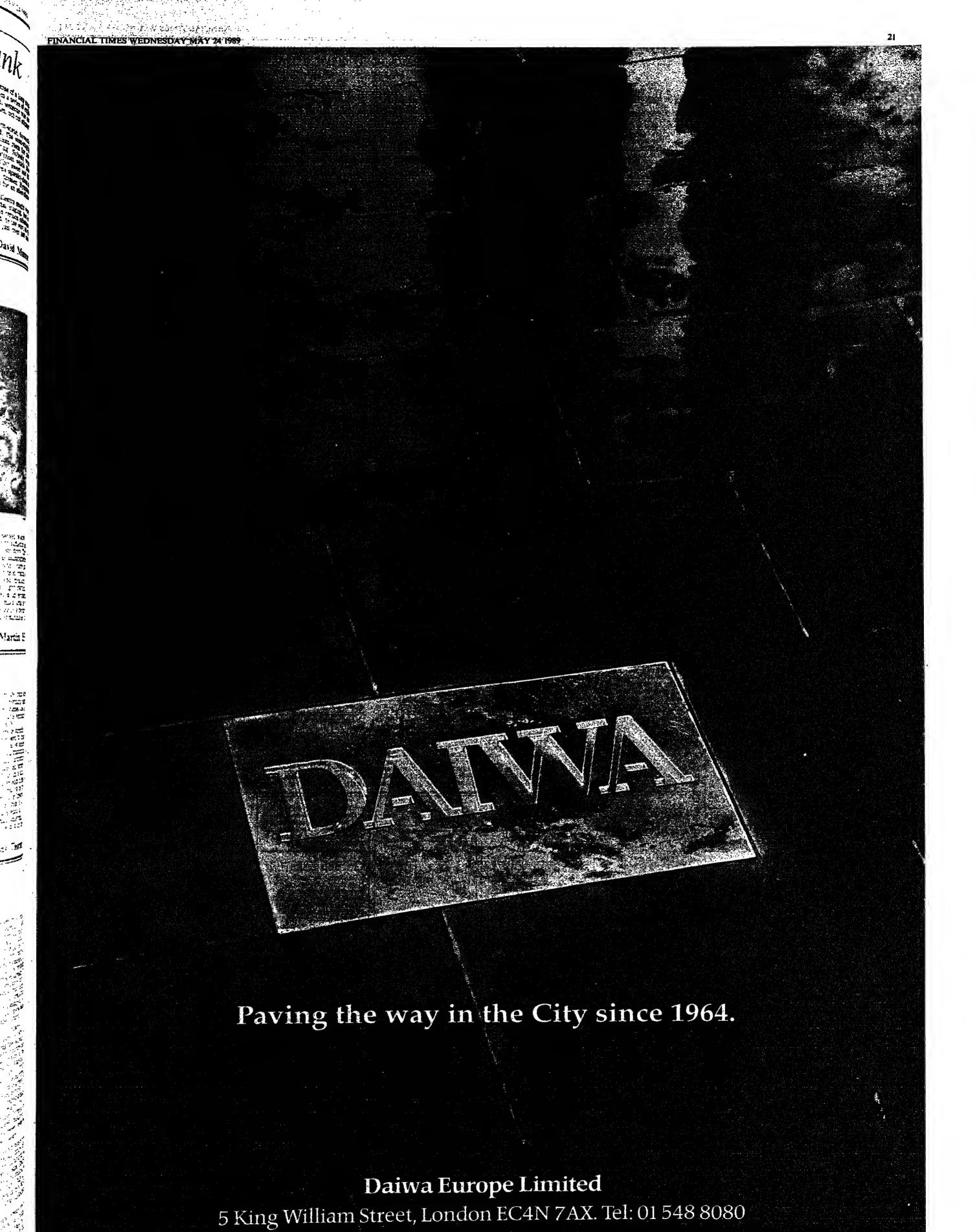
the workers nevertheless suc-cumbs to the mertia of the tra-

ditional landowners. The engi-

neer's manifasto puts it concisely: "We've known

enough of poverty. We want to enjoy the good life. I like being

an average citizen — and I couldn't care less about your



A MEMBER OF T.S.A.

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Where Europe is leading

A GRADUAL erosion of national sovereignty is inher-ent in membership of the European Community. This was accepted by the British Government when it signed the Single European Act two years ago. It is also implicit in many of the propositions contained in the Conservative manifesto for the forthcoming elections to the European Parliament, as it is in the Labour Party's platform. Yet the idea of a federal or united states of Europe is rejected by both parties. This is understandable in domestic political terms, since such a concept would not be univerconcept would not be universally popular. The similarities between the parties do not end there. Both see some environmental problems as pan-European. Neither is ready to join the exchange rate mechanism of the European Monetary System (either the time or the conditions are not right); both are opposed to full monetary union or a complete harmonisation of or a complete harmonisation of value-added tax. Both adopt what Mr Michael Heseltine has called an a la carte approach to what the EC has to offer.

United front

The differences hetween them are, however, of greater significance. Unlike the Government, the Labour Party has this week managed to present a (more or less) united front. This is in itself remarkable for Lahour. It is doubly remarkable in the present car under the leadership of Mr Neil Kinnock Lahour has moved from outright hostility to the EC to a wholehearted embrace of the opportunities it now per-ceives in pursuing what Mr Jacques Delors has offered under the label social dimen-sion. Mr Kinnock's manifesto allows plenty of room for British opposition to specific ele-ments of EC policy – as in seeking further reforms of the common agricultural policy and the community hudget -but it also welcomes Commisbut it also welcomes Commis-sion propositions on workers' rights and social conditions. In this way the Labour Party is attempting to become the party of Social Europe, while simul-taneously professing enthusl-asm for the economic opportuthe electorate that it means what it is now saying.

No one will doubt that the

Prime Minister means what she is saying. The difficulty for the Conservatives is that ber speeches and off-the-cuff remarks are conveying the very aura of hostility to the EC that Labour has abandoned The record proudly recited by Mra Thatcher on Monday includes the many positive achievements of her Government, including reform of both the CAP and the hudget, and most notably her successful encouragement of the deregu-latory spirit of 1992. This is to her credit. The trouble is that her attacks on the "hureaucrats" and, in her more extreme moments, "Marxism". of Brussels give an overall impression that can only con-fuse rank-and-file members of the Conservative Party, which has regarded itself as uniquely the party of Europe. The recent actions of the Government, which amount to a crnsade against practically any initia-tive that comes from Brussels, do not sit well with a manifesto whose spirit is hroadly supportive of the single market

In an ideal world the voters would judge the party pro-grammes on their merits and decide accordingly. In reality the likelihood is that turnout will be low (it fell below a third last time), even though the Strashourg parliament has gained in both stature and real power to influence events. Past experience suggests that those who do take the trouble to vote are more likely to be expressing an opinion on domestic matters than on the parties' approaches to the EC. in the present climate of opinion this should work in Mr Kinnock's

Loss of seats

It would be ironic if the Conservative Government that speaks in its manifesto of establishing "a new interna-tional orthodoxy" in economic affairs were to lose seats as a result of its own internal diviof Social Europe, while simulatine ously professing entbusianeously professing entbusians for the economic opportunities inherent in a single market. Its problem, as a loss of the slim overall conservative majority at Strasbourg.

The limits of 'globalisation'

MUCH exaggeration has been spoken and practised in the name of "the globalisation of markets" since the concept first hurst on the fashion-conscious husiness world six years ago this month.

Some of the worst offenders have been multinational manufacturers and suppliers of contaken in hy the notion that most markets in the industrialised world are undergoing an irrevocable process of homo-genisation, and that national differences are declining.

The reality, already grasped and acted npon hy powerful Japanese competitors such as Nissan in cars and Matsushita in consumer electronics, is that while some market segments are indeed glohalising - or capable of being moved in that direction - others are shifting the opposite way, towards frag-mentation either on regional or national grounds.

There is thus no single "cor-

ract" strategy for such multi-nationals – the most appropri-ate approach varies from one product market to another. So, by the same token, does the question of whether a company needs to practise the fashionable strategy of huilding global scale and scope in manufactur-ing and distribution, with all the consequent management problems of integrating major acquisitions and running

diverse global organisations. The thinking of many consumer product multinationals on global strategy has been driven hy the advertising industry, which has been huilding global empires just as busily as its clients. Saatchi & Saatchl pioneered the genre, hut others have since followed

Agency consolidation

The most spectacular exponent is WPP, the creation of Saatchi's former finance director, Mr Martin Sorrell. By acquiring the venerable J. Walter Thompson group two years ago. WPP bought itself a ready-made semi-global adver-tising network, as well as a range of interests in other marketing services such as public relations, market research and design. Last week it completed the process with an even bigger coup, the acquisition of the Ogilvy Group, the world's fifth largest advertising egency. which also has extensive interests in other marketing ser

The Ogilvy deal will cer-tainly give the group even greater media huying power — one of the few proven justifications so far for agglomeration in advertising. But few multi-national clients of both agencies' networks appear to see any more benefit in this latest round of agency consolidation than they did in the last one.

Advertising needs

Mr Sorrell has been careful not to hype the supposed bene-fits of globalisation and "world hrands" as hard as Saatchi. But his strategy is still very much one of global spread -as it has been for Omnicom, the world's fourth largest agency group, which last week-end emerged as a white knight for Boase Massimi Pollitt, a UK agency facing a hostile hid from France.

Yet, even in the satellite age not every international client has the global advertising needs of Coca Cola, McDon-ald's or Levi jeans; if they do, they may prefer to go to an agency which is skilled enough to create a global campaign without all the complexities of a worldwide hranch network.

Clients' behaviour suggests that most of them are equally douhtful about the aupposed benefits of "one-stop shopping" for advertising and other marketing services from the same agency group, Saatchi, WPP and others have produced some evidence of such "crossreferral", but its extent is still limited.

Defending WPP's move on Ogilvy, JWT's chief executive last week likened it to the way that manufacturers have for years bought competing hrands to huild market power. The difference is that manufacturers have created considerable syn-ergy behind the scenes, using common components for different hranded products, developing those products in common, and often making them in the

same factory. So long as mega-networks of agencies shy away from such extensive integration - which they must if they are to avoid losing customers because of clashes of interest within the network - their case for global scale and scope is at best

David Marsh on the mood as West Germany celebrates its 40th anniversary

s Soviet troops rampaged through conquered Berlin in May 1945, Mr Wilhelm Vocke, the ex-Reichshank director who was to hecome president of the first post-war West German central bank, saw that the Russians were making fundamental mistakes. making fundamental mistakes.

As he wrote years later in his memoirs: "If the Russian army leadership had provided for two things - discipline of the troops towards the civilian population and freeing some of the large German army sopplies in Rerlin to feed the hum. plies in Berlin to feed the hungry population – the whole of Berlin would have fallen at their feet. Instead, they turned everyone against them, the poor and the rich. With yearn-ing, we hoped for the arrival of the Western allies."

Clearly it would be an exag-geration to see the present eas-ing of superpower tension and the reforms of Mr Mikhail Gorhachev as reversing the sequence of events which between 1945 and 1949 led to the formation of two German the formation of two German states, one turned firmly to the US, the other to the Soviet Union. Yet today's commemoration in Bonn of the 40th anniversary of West Germany's Basic Law or constitution will he an occasion of mixed emotions.

The most humane, demo-

mixed emotions.

The most humane, democratic and prosperous state ever to exist on German soil is looking back with pride at its accomplishments. But, partly because of their achievement in meeting material goals which in 1949 were mere dreams, the Germans are dreams, the Germans are increasingly dissatisfied with the established political order

at home and abroad. West Germany is rich, hut restless. The division of Europe resulting from post-war US-So-viet confrontation ensured the Federal Republic's economic success while simultaneously marking the political failure of the German nation. Four decades later, a stronger and more self-assertive West Ger-many is seeking a new role in which its strategic interests and policies are no longer auto-matically tied to those of the rest of the West.

A prime reason for the country's growing amhivalence about its place in the world is that the Soviet Union – in contrast to the Red Army in Berlin in 1945 – is behaving more like a potential partner than a military threat. The Germans see in Mr Gorbachev a historic opportunity for breaking down East-West bar-riers. They also hope his advent will, eventually, make it possible to broach the question of German reunification. which is nearer the forefront of German consciousness than it has been at any time since the

But the currents from the Kremlin also risk disrupting the forces which for 40 years have anchored the Federal Republic to the West and maintained an unusnally long

Nato has come to the surface medium-range nuclear arsenals in the dispute between Bonn and Washington over short nomic co-operation with the range nuclear weapons, hut

The magnetism of the East



relationship with the US. The trend has been accompanied by fragmentation of the popular vote in West Germany and a series of electoral gains hy left-wing and right-wing radi-cal parties which threatens to break the pro-Western mould f German consensus politics. Echoing the disenchantment with dependence on America. the country's most respected elder statesmen, ex-Chancellor Helmut Schmidt, now talks almost as if Germany could start to wander away from the West. He sees France, not the US, as carrying the main bur-den of keeping the Germans in the Western camp.

West Germans are more and more dissatisfied with the political order at home and abroad.

Mr Schmidt says that if France is worried about the Federal Republic's Western ties, French politicians should realise that France, as a neighhour, can hind Germany far more closely and permanently than a President from Texas or

Mr Gorbachev is to visit West Germany in about a fort-night's time, a week after President George Bush makes his inaugural trip to the Rhine. For the first time since the end of the Second World War, the leaders of the two superpowers will be competing, almost on equal terms, for a hold on German public opinion.
The Soviet leader has

assuaged traditional German period of peace and stability in central Europe. by seizing the initiative over disarmament in the wake of the 1987 agreement to scrap West, Mr Gorbachev has also this is just one symptom of appealed to German industrial-wider changes in the delicate ists' traditional interest in

business dealings with Russia.

Mindful that Moscow —
through its grip on East Germany — possesses the vital
card in the poker game over
German reunification, one
Western ambassador in Bonn
says: "Germany and Russia are
like a chemical experiment
waiting for the right ingredi-

waiting for the right ingredi-ent." Bringing together the two parts of Germany is not on the agenda at the moment - and may not be for a very long time. Beset by his own internal and external political prob-lems, Mr Gorbachev is in no mood even to hint at unravelling the German Question. But the thema – and Moscow'a long-term potential for steering together East and West Germany on terms which suit the Kremlin — can hardly fail to seize the German imagination.

Lack of nationhood preoccupies many Germans. Mr. Berthold Hütten, an Anglophile teacher, recalls his goosepimples as he stood some years ago among flag-waving crowds singing Rule Britannia at the Royal Albert Hall. "I thought, "Who am 1? What are we Germans? We have no identity',"

he says. For the dignitaries at today's commemorative ceremony in Bonn and for thousands of Mr Hüttens up and down the country, it will not pass unnoticed that the preamble to the Basic Law sets down the reforging of "state unity" as West Ger-many's overriding political

In a changing international environment, examination of exactly where Germany's interests lie has been considerably muddled by irresolution and hickering in Chancellor Helby a revival of polarised arguments over Germany's Nazi

Mr Hans-Dietrich Genscher, the Foreign Minister, a remark-ahly consistent performer in keeping open Germany's east-wards-facing options, bases his opposition to new nuclear the need to heal the wounds caused by Hitler's aggression. The short-range missiles which the US and Britain want to introduce in the mid-1990s would be targeted not only on East Germany, but also on the Polish and Czech peoples who suffered "such endless sorrow" during the Second World War, Mr Genscher told the Bundestag last month.

As a counterpoint to this liberal soul-searching, the right is becoming increasingly hostile to what it considers Germany's to what it considers Germany's undue post-war submissiveness. The far right is trying to whip up unrest over West Germany's large payments to the
European Community. It is
also campaigning against
large-scale immigration of
Third World refugees who are Third World refugees, who are entering the Federal Republic under an open-ended asylum clause inserted in the Basic Law as a direct consequence of the murder of 6m Jews under

The right seems likely to block any question of a concil-iatory visit to Poland on September 1 by President Richard von Weizsäcker, on the 50th anniversary of the outbreak of the Second World War. The number of anniversaries in Germany is overdone, says Mr Martin Mussgnog, a burly law-yer who is chairman of the ultra-right National Democratic Party.

He is one of the forces behind a well-financed far-right campaign for next month's elections to the European Parliament. "People say we should stop throwing mud at our-selves. It's as if you're always selves. It's as it you is reminding someone of the sins reminding someone of the sins reminding in his youth," he

says. In spite of 40 years of stabil-ity, German politicians, offi-cials, industrialists and trade unionists Constantly pepper conversations with warnings of Germany's real or imagined democratic failings. Mr Ernst Breit, leader of the Trade. Union Federation (DGB), believes high German unem-ployment – stuck at over 2m since 1963 – is at last spilling over into a voters' revolt against the established parties. Mr Tyll Necker, head of the Confederation of German

Industry (BDI), says that German society cannot afford conflict of the sort seen in Britain during the 1984-85 miners' strike. "England is an older democracy." democracy." Mr Johannes Gross, a well-known conservative com-mantator, has delivered a damning indictment of the indecisiveness, inflexibility-and complacency of the Ger-

England is an older democracy. It can afford more violent manoeuvres than we can'

man political system in a book published to coincide with the 40th anniversary. Citing the dispute with the US at the beginning of 1989 over German beginning of 1989 over German companies' participation in huilding a Libyan poison gas factory, Mr Gross says: "Our foreign politicians, (Foreign) Minister and Chancellor, are well known in the world — but are they respected?" He writes that the exceptionally strong US criticism of Germany over the Libyan affair would have been inconceivable under the first post-war. Chancellor, Kon-rad Adenauer. "The prestige of our country abroad has devel-oped in inverse proportion to our gross instinual product," Mr Gross concludes.

press has been full of tirades against alleged German turre-liability within Nato, accompanied by mutterings about the dangers of German-Soviet entente. In a not uncommon expression of disdain for US views, one senior board mem-ber at a large German chemical

company says the distributed largely reflect the work of New York Jews. Chancellor Kohlhimself maintained that US anti-German comment over the Libyan affair mainly reflected.

Libyan affair mainly reflected:
American fears about the competitive prowess of the German chemical industry.

Mr Alfred Biolek, a TV entertainer and show compere, who was a post-war refugee from German-speaking Czechoslovakia, recently visited Moscow to discuss setting up a cultural to discuss setting up a cultural rendezvous for artists and speaks of German susceptibility to the "Russian soul." He classifies the German relationship with the US as "a form of pseudo-hate," hut adds: "We know we cannot do without

For others, signs of break-down in US-German understanding are more worrying. In standing are more worrying. In a front-page editorial earlier this month, the Frankfurter Allgemeine Zeitung, the country's foremost conservative newspaper, said West Germany risked leaving the Western "security net." It warned in unusually dire tones of growing anti-Americanism among West Germany's young generation, one of the prime sources of support for the emergent far-right.

The paper asked plaintively:

The paper asked plaintively:

"How will they adjust in the future – quarrelling with the West, insecure in the face of west, insecure in the table the continental power to the East, unsatisfied on the national question, politically frustrated, eternally unsettled. fearing everyone and feared hy

many?" West German industrialists like to say that US concerns about German industrial and technological links with the Soviet Union are usually wildly exaggerated. Bayer the chemical giant, points out that it does more husiness with Denmark than with Russia. None the less, one leading com-pany chairman confesses: "The markets in the East are a temptation for us." Mr Edzard Reuter, chairman

of Daimler-Benz, and one of the top husinessmen aiming to meet Mr Gorbachev next month, talks of praying for the Gorbachev experiment to succeed — a far more emotional approach to the Soviet Union than would be adopted by a captain of British or French

industry.

A senior official at the Bonn
Foreign Ministry admits that
the British and French Covernments say that the Germans are too romantic in their approach to the Soviet Union. He points to the irony that Moscow can throw a large part of Western policy off balance simply because it is less of a threat. He adds: "No one can think the Germans are so stupid as to give up their new-found ties to the West." But the Federal Republic's

problem on its 40th birthday is that its neighbours and allies do think that, at some stage in the future, rapprochement between Germany and the Soviet Union will be on the cards again. The reasons have less to do with German foolishness or otherwise than with the tidal pull of history, geog-raphy and emotion. These are forces which the West finds it difficult to analyse, let alone to

Prize worth winning

■ The UK's largest literary prize for a single book will be handed over tomorrow at Lon-don's Savoy Hotel. The NCR award, sponsored by the com-puter manufacturing company to the tune of £25,000 for the winning book and £1,500 for each of the runners-up, is for "non-fiction."

Note non-fiction. Ergo note NBP - Not the Booker Prize. It occurred to NCR, as it occurs to anyone with an open eye for current English literature that travel books, sport, husi-ness books, history, natural history and contemporary affairs can register as much serious criticism – and cash

Two biographies, A. N. Wilson's Tolstoy, and a life of T. E. Lawrence by Malcolm Brown and Julia Cave, are np for the award this year. "We live in a golden age of biography — an astonishing number of literary biographers, in particular," says Michael Holroyd, hiographer of Lytton Strachey. hiographer of Lytton Strachey, Augustus John and, currently,

Bernard Shaw.

Autohiography blended with the spirit of place makes an attractive read, too: the late David Thomson's Nairn in Darkness and Light won the first NCR award last year. The 1989 shortlist of four, whittled down from nearly 200 entries, includes Joe Simpson's Touching The Void, a tale of travel and survival in the Peruvian Andes. Stephen Hawking's A Brief History of Time also looks a strong runner.

Rex Fleet, NCR's chairman, prefers to stand hack from the delicate husiness of judging: "If somebody sees a book in a bookshop window with the sticker "NCR winner" on it, and asks, "What's NCR?" the purpose of our sponsorship will have been achieved," he

Observer

Paris as well

■ London is not alone in its transport stoppages. Rail traf-fic in Paris a eastern suburbs came to an almost total standstill yesterday in the second day of protest strikes which have followed an assault on a conductor on Sunday. This time the strike affected trains coming into the Gare de l'Est, and some to Saint Lazare; a few weeks ago trains into the Gare du Nord were stopped, again following an assault on

a conductor. Violence on trains was an estimated 20 per cent higher in the first quarter of the year than a year earlier, and rail-way personnel are protesting at cuts in policing staff.

In London yesterday tempers were notably shorter than during the previous strike a week last Monday. It is easier to get strike as well, as yesterday they were not.

James the Bold

■ One of my colleagues arrived in Shanghai yesterday and was just descending from the air-craft, ahead of everyone else, when a strange white figure "There's a revolution going here," he said, "and the BBC is filming it."

The man had been in Shanghai for a week making a pro-gramme on great cities of the world, hut he wanted to be filmed stepping out of the air-craft into the thick of it. It was Clive James, the well-known hroadcaster."

Motorola's way

At least one US company knows how to do business the Japanese way. Motorola Inc, the company at the centre of a nasty telecommunications tiff that could see punitive tar-



iffs lumped on Japanese prod-ucts from cosmetics to copiers, has apparently decided that

when in Japan one talks only
to the "kisha cluh."

That is the coterie of Japanese correspondents who do
their business behind closed
doors and in tandem with the
government department they
write about A Nimum Motowrite about. A Nippon Moto-rola spokesman said the visit-ing chief executive officer, George Fisher, had no time to talk to foreign correspondents, and that even the details of his schedule in Tokyo are a company secret. Fisher talked directly to nembers of the kisha club

attached to Japan's Ministry of Posts and Telecommunications (MPT), which has so far refused to give the US com-pany the radio frequencies needed to run a mobile phone system in Tokyo.

According to a transcript of his briefing for the Japanese journalists, he explained that Motorola plans to be a "good. guest" in Japan, and he showed a spirit of compromise characteristic of the competing factions in the ruling Liberal Democratic Party: "We have promised the MPT we will

work with an open mind and in the true spirit of co-operation with our ultimate result. being a friendly resolution and a good subsequent working relationship."

Garden risks ■ Gardening accidents from lawn mowers and electric hedge trimmers you would

expect in plenty. The British Agrochemicals Association 1988-89 reveals in its latest annual report, however, that all sorts of other dangers are lurking.
Using data from the Department of Trade's consumer

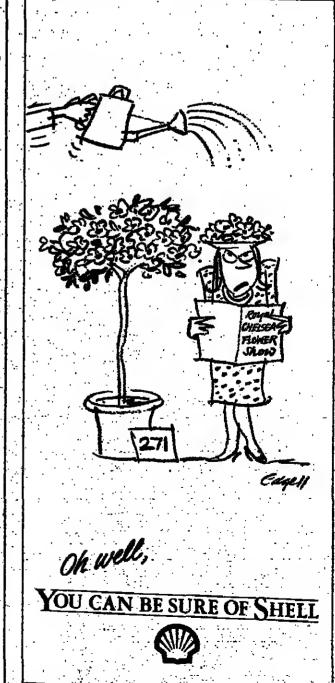
safety unit, the report notes that 194 people were injured by deckchairs in 1987, while another 67 went down to wheelbarrows. A further 59 people fell foul of flower pots and 27 were laid low hy plant tubs. Watering cans accounted for another 10 injuries and gar-den rollers for four. Even the humble seed tray claimed three victims.

King's machine ■ There is a wonderful new machine in the Northern Ireland Office, known as the video conference, which enables Tom King, the Secretary of State, and his officials to speak live on screen to their colleagues, from Stormont to the London Office and vice versa. The machine is thought to be bug-proof, and King says that it has made his life considerably easier. Peter Walker, the Welsh Sec-

retary, has also secured one for video dialogue between London and Cardiff. Malcoim Rifkind, the Scottish Secretary, seems to be still on the waiting list and so far there is no hint of putting anything so modern in the Foreign Office.

Deep waters

■ Brazilian proverb: "In a river with many piranhas, the crocodiles swim upside down."



covered at the beginning of the were plenty of frequencies around for anybody who wanted to use them, so governments gave them out free.

Now, however, advances in technology and new ideas for services that can be transmitted across them felevision pregrammes, mobile phone conversations, the communications needs of the armed forces and much else besides — meen that what once seemed a plentiful resource is scarce.

Nowhere are these pressures being felt more acutely than in being ten more actualy then in Britain, where the Govern-ment's free market approach has encouraged the flowering of new ideas for services, many of which cannot get started because the air waves are already crowded.

At present roughly a quarter of the radio spectrum is being used by the armed forces and a further quarter goes for shared civil and military uses such as air traffic control. Of the remainder, 13 per cent is used for hypodessting 30 year cent for broadcasting, 30 per cent for fixed telecommunications links and 6 per cent for mobile communications.

The resulting shortage is rather like queuing for bread in Eastern Europe. You are in the queue and, once they have run out, they have run out, says Janice Hughes, a consultant at Booz Allen who has added the Coursewage to the

tant at Booz Allen who has advised the Government on the air waves in the past.

The Government is therefore examining seriously the possibility of auctioning off the air waves to the highest hidders instead of giving them away. Ministers at the Department of Trade and Industry, which is responsible for managing the spectrum, are at present thrashing through the options and the matter is expected to be discussed in Cahinet shortly. A consultative document may follow soon after. ment may follow soon after.

selling the air waves would be one of the most radical steps to be taken by an already radical government.

On one level, it could turn out to be its largest privatisa-tion. Professor William Gos-ling trobuled director at Nec-

ling, technical director at Ples-sey, the alactronica group, estimates that an auction could eventually generate £10bn in revenue each year, That would be enough to pay half the nation's health bill.

On another level, selling the air waves could unleash competition in parts of the telecomwhich are still protected. It could allow companies to build telecommunications networks to rival British Telecom out of radio links or to broadcast new television channels.

the state of the s



Putting a price on the spectrum

Hugo Dixon on the difficulties the Government may encounter in auctioning off the air waves

many players there should be in each market and who they should be. Critics say the present system has the following drawbacks:

drawbacks:

It places a high premium on companies' lobbying skills rather than the efficiency of their management, because the key thing is to wring a licence out of the DTL As a result, those who win the "beauty contests" may be the wrong ones and those who lose often nurse a sense of injustice. nurse a sense of injustice. The Government may choose the wrong number of companies to provide a service. if it picks too many companies,

there is overcapacity; if it picks too few, an oligopoly develops to the detriment of consumers. In cellular communications, the decision to license only two players — Racal Telecom and Celinet, a BT subsidiary — has given both a licence to print money. As a result, Racal Telecom, a company only four years old, now has a market capitalisation of £4.5bn.

If companies were free to use

the spectrum for whatever services they wished, each indus-try would find its natural size.

The Government may give priority to the wrong services, leaving the spectrum clogged with services people do not

used runway at Stansted; and to be abla to say that no addi-tional runway capacity is needed in the UK south-east

until "the end of the century." This attitude is fallacious. Neither Heathrow nor Gatwick

now has runway capacity to meet demand at commercially desirabla times of day. Spare capacity at Stansted is not a

satisfactory snhstitute for capacity at Heathrow or Gatwick. (It is also highly

inconvenient for growing inter-line traffic between air-

lines at those two airports.) And at least 10 years will pass between agreeing a new south-

Advocates of a free market argue that the present system is inefficient. Civil servants decide which services the spectrum should be used for, how many playage there should be true that civils say it does true that civils as it does true that the civils are that the present system it does about half the spectrum for a variety of defence and civil uses — is sitdefence and civil uses — is sit-ting on large chunks of spec-trum that critics say it does not really need.

There would be no such problems if there was a free market, because the air waves market, because the air waves would be used by the most economically beneficial services. Services for which there was little demand would not be able to afford to buy spectrum.

Users have little incentive to invest in new technology which could cram many more services onto the spectrum, because they get it for free. However, if organisations had to pay for the air waves, they would have an incentive

spending more on technology. Congestion would be eased. . Switching to the free market would have its own drawbacks, however. The Government would almost certainly have to steel itself to howls of protest from existing users who would be asked to pay for something they now get for free. And in the public sector, the armed forces could suggest that national defence was being compromised, the police might argue that their fight against crime was being hampered and the ambulance services might

to economise on their use by

say lives were being endan-Another implication of a

with the the transfer of the first of the second second second second second second second second second second

totally free market in the air waves is that it would necessarily result in further liberalisation of telecommunications and hroadcasting policy. The Government could not sell spectrum to the highest bidder and at the same time insist that there should only be five television channels and one competitor to British Telecom. The free market is unpredictable. It might throw up 20 TV channels or half a dozen rivals

Some argue that the Government should not be interfering with these industries at all. "To get flexibility of use, you need to deregulate both hroadcasting and telecommunicacasting and telecommunications," says Philippa Marks, an
adviser to the New Zealand
government, the only other
nation with plans to auction
off the air waves. But,
although the UK government
has a strong theoretical commitment to laisserfairs the mitment to laisser-faire, the signs are that it does not want to give up control of what it sees as important areas of pol-

Even if these donbts were put aside, the Government would need to overcome two defects in the free market

First is a concern that a few large organisations - the most feared being British Telecom might monopolise their markets by buying huge chunks of the spectrum. Some argue that relying on the general competi-tion legislation would not be enough and that a tougher approach - on the lines of the laws used to curb excessive concentration in the newspaper industry - would be

The second concern is that selling the air waves would make it difficult to co-ordinate their use internationally. In particular, recent moves to develop pan-European services

- the most impressive being a plan to launch a cellular sys-tem which would allow people to drive across Europe using the same car phone - could be

It is, of course, possible to argue that the market will co-ordinate itself if the benefits of integration are that great. And this might be satisfactory, if there was not also a danger there was not also a danger that organisations owning parts of the spectrum needed to dovetail with pan-European plans might hold their competitors to ransom by charging outrageously high prices.

One answer could be to give the Government the right to force spectrum-owners to sell

force spectrum-owners to sell their air waves if they were needed for international pro-jects. This would be analogous to land law, under which the Government can force recalci-trant farmers who are bolding

up the development of a motor-way to sell their land.

All these considerations point to the likelihood that the Government will initially not go the whole bog of launching a totally free market in the air waves, but will start off with a more modest reform.

In particular, it might decide to exempt the public sector from paying for the air waves to take the sting out of criti-cism from within Whitehall. It might also retain the right to determine which parts of the spectrum were used for which services and so keep control over sensitive aspects of tele-communications and broadcasting policy.

Even so, once the course had been set, there would be an almost inexorable drive to yet more liberalisation. If the private sector was paying hillions of pounds a year for its share of the spectrum, it would not be long before the public sector was also charged. And, if some industries were prepared to pay more than others for equivalent parts of the spec-trum, the Government would

trum, the Government would be under great pressure to transfer air waves to the indus-tries that paid the most.

If and when the initial reforms are eventually announced, they may look like an evolution. But as with many of Mrs Thatcher's measures, they will probably carry the seeds of a revolution.

Investment and the public sector

The healthy discipline of private finance

By William Ryrie

ensured that its borrowing conformed to PSBR objectives.

ne result was that for commercial enterprises in the public sector, access to capital and investment plans were governed not by market demand for their output or profitability, but by the fiscal position of the government. This made it

impossible for them to operate

Few other countries treat government-owned companies in this way. In France and Ger-

many, companies in the public sector are permitted to finance

themselves in a commercial manner, with the government behaving as a sharebolder rather than as a fiscal policeman. In France it is difficult to

observe any difference in the operation of those banks which are nationalised from those

which are private.

The Ryrie rules reflected the

overall system of control in the

UK. The system also has another curious effect: it

requires a sharp distinction between bodies which are part of the public sector and those which are not. How is the line

to be drawn? There is no better solution than the rule of 51 per

cent. If the government owns

over 50 per cent of a company, it is treated as part of the public sector and subjected to the

full panoply of Treasury con-trols, its access to capital from

the markets being treated as part of government borrowing. At 49 per cent it can be treated

part of the private sector.

Oddly enough, the frustra-tions created by this system were one reason wby the first

Thatcher Government embarked on a much more

amhitlous privatisation pro-

gramme than they had origi-nally planned. British Telecom was a key case. Investment was being held back by the

PSBR constraint. Efforts were made to devisa a system whereby BT could raise capital

directly from the market out-side the PSBR by means of a special profit-related bond; but

the Ryrie rules killed it. So the answer was to get BT out of the public sector. This was

achieved, in accordance with

the doctrine, hy selling 51 per cent to the public. In the real world 49 per cent is control even without a golden share —

in a really businesslike way.

The result was that for com-

r John Major, the Chief Secretary to the Treasury, has just abolished the so-called Ryrie rules with which I had something to do in my Treasury days. I wish I could congratulate him on a step forward, but the implications are not entirely clear.

entirely clear.

Eight years ago — though it now seems much longer — the UK economy was in deep recession and the fledgling Thatcher Government, with Sir Geoffrey Howe at the Treasury, was squeezing the public sector hard. Many who felt that more investment was needed in investment was needed in things like telecoms, roads and rail (then in the public sector) proposed ways in which the Treasury controls over investments could by circumvented by using privete money.

The Ryrie rules were drawn up to define the conditions for such financing. Given that the government could borrow at the lowest rates, anyone arguing for raising funds directly from the markets, had to dem-onstrate an advantage to offset the higher cost. The rules said that private finance should be allowed only if it could be shown that this would result in improved efficiency. With the Treasury as umpire, this condition was close to a veto and very little financing under the rules has taken place.

But then, if an activity is suitable for private financing, is it not better simply to move it into the private sector, outside the controls? Or can it be that the controls are actually not suitable for everything in the public sector? Should the whole public sector be subject to the same kind of controls?

In the 1950s and 1960s there was indeed a system of control which treated nationalised industries and commercial bodies differently from government departments, and regulated their finances by the return they could make on cap-ital invested, measured by a discount rate. However, when the total borrowing of the public sector became the fulcrum of fiscal policy, the public sector borrowing requirement (PSBR) hecame the effective constraint on investment The constraint on investment. The external financing limits of each nationalised corporation

when the other 51 per cent is widely beld. The sale of 51 per cent allowed the Government to classify the corporation as private but the key change was in the removal of the Treasury system of controls. That change could have been made at any other percentage. Uodoubtedly the govern-

ment's privatisation pro-gramme has brought great ben-efits and improved efficiency; even though it was impelled partly by the artificiality of the system. That artificiality may be demonstrated still more vivbe demonstrated still more vividly if a future Labour government transfers BT back into the public sector (and again subjects it to Treasury controls) by buying only 2 per cent of the shares.

As a rule, commercial or trading activities should not be in the public sector at all. But

in the public sector at all. But if that rule has to be broken, that rule has to be broken, the enterprises should be regu-lated in as commercial a man-ner as possible, with the gov-ernment behaving as a share-holder and requiring manage-ment to deliver an adequate return on capital. External finance should be provided by the markets (without government guarantee) on the basis of commercial performance. The main benefit one expects

from private finance is not additional money, but enter-prising private management, based on risk-taking and prof-it-seeking. Mr Major's abolition of the Ryrie rules is part of the government's new plan for roads. However, although some roads can be managed by private companies, the question is whether this will really con-tribute much. After the road is built what will the manager of a toll road do all day? Private finance unaccompanied by a significant management role has the look of a device for getting round the government's own financial controls. in any case, I am not sure whether Mr Major has really changed anything. His new cri-terion is that private funding should be justified by "value for money". That is substan-tially what the Ryrie rules

Sir William Ryrie, formerly of the Treasury, is now head of the International Finance Corpora-

and against expressional main and analysis of the second **LETTERS**

UK airports policy

From Sir Peter Masefield.
Sir, Airports exist for air-lines and their customers. As the first chairman of the British Airports Authority I laid down nearly 30 years ago that its obligations were "to provide adequate airport capacity to meet all requirements of civil air traffic, now and into the

These are no longer being fully achieved at Heathrow and Gatwick. Nevertheless I can understand that BAA plc, anxious to establish a profitable track record, seeks to give pri-ority to increased aircraft nents at its still lightly

TV in Parliament

Students of politics and others who respect the British Parliament will be saddened to hear thet television will finally arrive in the chamber of the House of Commons in time for the debate on the Queen's

While the "Right to Know" lobby cannot easily be denied, just what will viewers be shown? Most of the work of Parlia-ment makes for bad television: subjects too boring for produc-ers. Television will reinforce

the misconception that high-profile debates and Prime Minister's Question Time are the quintessence of Parliament. The real work goes on in Committee Rooms and MPs' offices, yet the chamber is

where MPs will feel obliged to be seen, because their constituents may be led to believe that absence from the benches dur-ing televised debate means

ing televised debate means that an MP is lying idle.

By promoting Parliament, television coverage will further isolate viewers from the reality of government hy a combination of Parliament, ministers and the civil service working together. Government does not begin and end with one institution. Trying to illuminate only

part of one element of the policy process will only create a misleading impression. Most viewers will only see a trick of the light.

Public Policy Consultants,

east runway site and bringing it into service. If there were the political will, auxiliary parallel runways of moderate length could be built at Heathrow and Gatwick. Even they would still

Supply on demand

From Ms Soraya Betterion. Sir, A whole page analysing the strength of the US dollar (May 13), and not a word about the relative growth of the money snpply. Compare yen, Deutsche Mark and sterling M1 growth for the last 12 months a generous 8.9 per cent, 9.1 per cent and 13 per cent respec-tively with the frugal dollar rate of 1.5 per cent. Supply is as important as demand in determining a price, is it not?

Scraya Betterton, GT Capital Management, 50 California Street, 27th Floor, San Francisco, California

High definition denied

From Mr Mark Shurmer.
Sir, The recent West German proposal for US/European collaboration to develop a high definition television system (HDTV) to oppose the Japanese hi-vision system provides a clear axample of ill-founded protectionism acting against the interests of the average

be 10 years from service. But Stansted is no substitute. Pal-liatives — use of the cross run-way at Heathrow and safe use

of the "auxiliary" parallel run-way at Gatwick nnder improved air traffic control

conditions - are possible short term solutions to be sought.

Peter G. Masefield, Rosehill, Doods Way,

HDTV represents an enormous technological advance, giving pictures of much greater clarity than conventional telepision But European tional television. But European and American fears of Jspa-nese domination of the market for HDTV products, whose worth is estimated at \$40bn, has prevented agreement on a worldwide standard, thus delaying its introduction.

or three incompatible systems will be adopted - a situation reminiscent of the current Pal/ Secam/NTSC systems divide. The adoption of differing stan-dards has not prevented Japa-nese domination of the current television market — nor will it for HDTV. Rather the conse-quence will be higher costs to the consumer, both in terms of the cost of television sets (because the necessity of producing three types of television sets reduces the scope for economies of scale and higher programme costs), and reduction in picture quality, resulting from conversions between the standards.

Department of Economics, Brunel University, Uxbridge, Middlesex It now seems likely that two

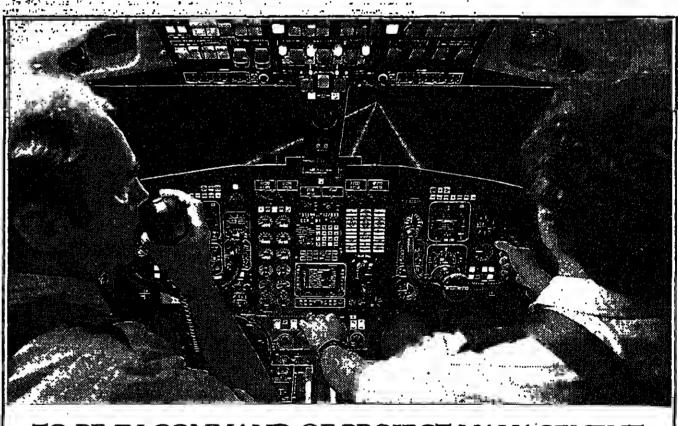
was proved by Barclays Bank in 1988.

April 1988, added to other increased capital resources, enabled the bank to expand its balance sheet by almost £17hn in 1988, to be responsible for 33 per cent of the increase in M3, to expand its UK lending by 32 per cent, and its mortgage lending by 52 reads and its mortgage lending by 51 per cent. All this was done while high interest rates were supposed to be controlling inflation (but were supposed to be controlling inflation. surely assisting its growth).

lesson, and join in writing a

Regrettably, the Chancellor has not learned. He has just thrown away his only potentially effective weapon against inflation: the Control of Borrowing Order, which should have been used - and only used - to control the capital bases of banks and other licensed money lenders, each one of whom assists the expansion of the money supply.

G.W. Gardiner. 3 Molly Potts Close, Knutsford, Cheshire.



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Funded debt is still debt

From Mr Geoffrey Gardiner.
Sir, Brian Tew's remarks
(Letters, May 15), about the
effect on the money supply of
the retirement of Government
debt, indicate that students of monetary theory at Loughbor-ough are still taught that funding of debt (disintermediation) has a healthy effect on infla-tion because it reduces the

money supply.

Perceptive students will find it curious that the removing from the money supply to the bond market of a tranche of debt and deposits that must have a low volatility should have any worthwhile effect. Funded debt is still debt. In the case of gilts it is as quick to negotiate as a cheque, so the good effect of disintermedia-

tion can only be trivial at best. At worst, the bad effects can be disastrous. Disintermediation does nothing to reduce the capital bases of the lending institutions — yet their capital bases are the key factor in determining the level of the money supply. Disintermediation of low volatility deposits and debts enables hanks to replace the lost balances with

ones which may well have a higher volatility. Disintermediation thereby becomes an powerful instru-ment for expanding the effec-tive money supply, for increas-ing velocity of circulation, and for promoting inflation.

Just how easy it is to expand the money supply, once a higher capital base is available.

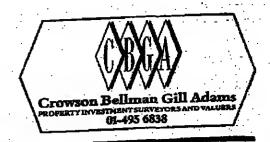
Barclays' rights issue in

Thanks to Barclays (to whose rights issue I confess I contributed), the dubious logic of established monetary theory has been finally exposed.
Will Professor Tew and other
academic economists learn the

new, less primitive monetary theory which is more scientific, more logical, and more willing to accept the results of the empirical tests of armchair

FINANCIAL TIMES

Wednesday May 24 1989



Wright plays to the cameras to avoid the lynch mob

By Lionel Barber in Washington

MR JIM WRIGHT, Speaker of the US House of Representatives, yesterday marked what may be a last desperate gambit in his efforts to save his politi-

cal career. It came in the court of public opinion, the televised opening hearing of the House Ethics committee which for the last 10 months has been investigating the Speaker's financial affairs and recently charged him with After Republicans Richard Nixon, Robert Bork and Oliver North, this was the Democrats'

day in the dock.

But Mr Wright was not present. His wife, Betty, somewhat more modestly attired than usual, sat in the aisles and listened impassively to the

defence mounted by the Speaker's lawyer Mr Stephan Susman of Houston, Texas. "Why worry about due pro-cess for a dead man?" asked Mr Susman, "why should this committee stand in the way of a lynch mob...!'ll tell you

why. Because if a member of Congress, indeed the most powerful member of Congress cannot get a fair trial, then uo American can." Mr Susman, one of those

"C'mon fellahs, be reasonable" legal types from Texas, knows something about defending big pols in trouble. One of his best known clients is Mr John Connally, former Treasury Secretary, who went hust to the tune of a couple of hundred million dollars. Mr Richard Phelan, the ont-side counsel hired by the Ethics committee to investigate Mr Wright, is a different ani-mal. He is a trial lawyer from Chicago whose flamboyant style and towering ego have earned him the nickname of "Master of Ceremonies." Mr Wright's supporters say he is out to make a name for himself - and believe he hijacked

an unsuspecting committee.
Yesterday's bearings
amounted to a rather dry duel
hetween lawyers, an attempt
by Mr Wright to dismiss the Ethics committee's finding that he tried to evade outside income limits and that he accepted gifts from Mr George Mallick, a husinessman and friend for 30 years.

If the defence motion fails, many Democrats fear the pressure for Mr Wright to resign will prove irresistible - even though he is entitled to present ths committee with his own defence at a later date.

Mr Susman denied that Mr Mallick helped Mr Wright financially because he had an interest in legislation. "Ninety five per cent of people in this room have a direct influence in legislation, "he said.

And he denied that Mr Mallick's oil deals, one of which

led to handsome profits for the Speaker, were anything out of the ordinary. "He has been in oil deals just like I have been in oil deals and virtually every other lawyer in Houston has been in oil deals.'

African finance ministers get

together in Paris, and President François Mitterrand duly

said before travelling to Dakar that France would maintain its

privileged relations with

Africa in general and Franco-phone countries in particular."

in Francophone banking cir-cles that some World Bank and

International Monetary Fund analysts think the CPA is over-

valued.

A confidential United Nations analysis of the Senegalese economy said "the general feeling...is that the CFA is overvalued, especially if one keeps in mind Senegal's long term objective of becoming an export-driven economy." Similar comments have been made.

lar comments have been made of other CFA zone countries. Proponents of devaluing the

CFA use arguments familiar to other African countries such as Nigeria or Chana, which have

anbstantially devalued their

national currencies. The value of the CFA, say economists,

does not reflect the productive

ity of the countries' economies.

A devaluation would encour-age exports by cutting their dollar price and discourage

imports by raising CFA prices on the domestic market. However, there are powerful

political arguments against devaluation, including the problems many fragile regimes

would face were they to hike the prices of imports for urban

matter of if, when and by how much to devalue in the 14 CFA

ety of economic and political

systems. Getting them all to agree at once would he a

daunting task.
And if Mr Diop's reaction is

any indicator, any agreement is a long way off: "In the West African CFA zone, we don't

There is also the complex

However, it is an open secret

As he spoke, Mr Julian Dixon, the Congressman from California who chairs the committee, leant over to confer with his colleagues on the 12-stong committee. While some Democrats have accused their fellow members of treachery for bringing charges against tha Speaker, Mr Dixon, 54, has pursued a meticulous inquiry which has enabled him to

escane criticism. Mr Wright's calculation is that television will ignite sym-pathy in the country, while he is all hut washed up in Wash-ington. Viewers' calls appeared mixed, apart from a woman Commerce, Texas, who said Jim Wright was a beautiful man from the inside and the out." It may not be enough.

UK-Soviet ventures will be hurt by spy row

By Quentin Peel in Moscow and Robert Mauthner in London

FUTURE British business ventures in the Soviet Union seem certain to be severely restricted by Moscow's decision to impose a rigid quota on all British employees in the

Companies were yesterday assessing potential damage to their operations from the new ceiling of 205 set by the Soviet authorities, which reduces by 170 the permitted total number of employees of the British embassy, husinesses and for-

eign correspondents.
The cuts, affecting Soviet personnel such as interpreters, salesmen, technical personnel, secretaries and drivers, are

supposed to be carried out by next Saturday. In London, the Foreign Office said the reduction was "ludicrous" and "preposterous", and refused to inform Moscow on how the cuts would be implemented - pointing ont that it had no authority over private businesses or journal-ists. British businessmen in Moscow also seemed deter-mined to force the Soviet authorities to detail the cuts themselves.

Sir John Fretwell, Britain's Deputy Under-Secretary of State, called in Mr Vladimir Ivanov, a senior Soviet diplomat, to say the cuts were unjustified and damaging to Anglo-Soviet relations. H called on Moscow to think again about "the full implica-tions" of its demands.

Although the move seems certain to cause chaos for existing operations in Moscow, its most drastic effect could be in preventing the establishment of naw operations, including Anglo-Soviet joint ventures

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, confirmed that British husinesses would be included in the quota restric-tion, imposed in retaliation for a long-standing British quota on Soviet staff in London. He said it would also apply to any British staff in joint

ventures, though not to Soviet staff in such operations.

"Of course this could have a detrimental effect on our husiness relations," he said. "I don't know if they contemporate the least the said. plated the long-term effects when they drafted the deci-

sion."
The quota restriction was imposed as part of the retalia-tion for Britain's decision last week to expel eight Soviet dip-lomats and three journal-ists – which was matched by identical expulsions from

Mr Gerasimov admitted that the London quota affected only Soviet nationals, who may in turn employ as many British staff as they like. In Moscow, Soviet staff in businesses other

Soviet staff in businesses other than joint ventures have been included in the quota.

The Soviet spokesman added that: "The rule is that we employ only our own people (in London)" because "it is cheaper." But a British Foreign Office spokesman said Soviet organisations in the UK employed more than 400 Brit. employed more than 400 Brit-

strators in Peking were directly calling for Li's resignation. The news agency seemed to go out of its way to emphasise the broad opposition to Li when it put the number of demonstrators at 1m,

THE LEX COLUMN BA checks in with excess baggage

Yesterday's sharp drop in sterling came too late to show up in the official exchange rate or money market rates, but the pressure for higher UK interest rates is on. One per cent on base rates might be enough to stabilise sterling without triggering a mortgage rate rise; but given the continued buoy-ancy of building society lend-ing, a rise might be no bad

British Airways

British Airways' management is pretty good at running an airline, but when it comes to doing deals its skills are more suspect. The company would love the City to agree that British Caledonian was a marvellous acquisition, but desplte yesterday's brave words from Lord King the case is still not proven. Without BCal, BA's earnings per share would almost certainly have grown by more last year's 16 per cent, and gearing would be lower. To its credit, the merger of the two businesses has gone far more smoothly than might have been expected. But the key question is whether the group's earnings in 1990-91 will be higher than they would have been without the acquisition, and this is still far from

Clearly, there are still cost savings to be had, and provided BA can continue to increase its traffic yield, pre-tax profits this year should top the £300m mark. A 5 per cent increase in BA's capacity is considerably less than forecast traffic growth, and load factors should remain healthy. However, BA has a very high level of operational gearing; and with its prices rising considerably more slowly than inflation, productivity arount had cost productivity growth and cost cutting are not sufficient to cushion it from a recession in its major markets. This is one reason why its shares are trading on a prospective multiple a third below the market average; the other is its dismal showing in Europe, which accounts for a fifth of its husi-ness but less than 5 per cent of its profits. The worry is that BA might use this weakness to justify another expensive justify another expensive investment in a weak Boropean airline.

Gold Consolidated Goldfields' painstakingly methodical review of the gold market in 1988 makes puzzling reading. If everything was as bullish as the report makes out, why did

Coloroli Group Share price relative to FT-A All-Share 140

the gold price fall by 15 per cent? Part of the reason seems to be that 400 tonnes of gold loans and forward gold sales made good a shortfall in con-ventional supply; but that does not explain the fall in gold this year. Indeed, while the signs apparently point more clearly still to a rising price, so far gold has moved steadily downwards by \$50, broken only by a few unconvincing railies like few unconvincing railies like

. 87

yesterday's However, tha word from Gold Fields is that demand and supply are continuing to tighten as jewellers in the Far East scramble for supply, and that thesa fundamentals should have a greater say than usual in determining prices. Producers sold so much gold forward last year that further sales this year have been limited. Meanwhile, gold loans have also been in retreat because some central banks have now lent as much of their reserves as they care to, because rates have risen to perhaps double last year's level, and because equity finance is looking a plausible option for producers once

All of that is doubtless true; but while investors see no point in huying gold, no short-age in conventional supply is age in conventional supply is likely to pull prices up. Even the Swiss are fed up with gold, and while Gold Fields interprets this as a sign of pent-up demand, it is difficult to share its confidence. Perhaps gold will get a boost from a general teas of inflation or as a bedge fear of inflation, or as a hedge against a falling dollar. But those who are worried about inflation should have made their purchases already; and as for the dollar, surely the chal-lenge is to find a hedge against its interminable rise.

Coloroll

Coloroll's shares over the past and yesterday's figures help to and yesterday's figures fier to explain why. On flotation in 1985, the image was one of glamour and high growth. The growth is no longer discernible, and a cyclical element has crept in. After last year's modest earnings per share growth of 11 per cent, the company expects 3 per cent this year. expects 3 per cent this year; and this is on the basis that UK interest rates will not go up, and indeed will fall in time to revive household spending by the autumn.

by the autumn.

There is also a hint of overextension. Profits in soft furnishing slumped last year, and
this year could be tough for
domestic carpets. Meanwhlle,
Coloroll is already tackling the
furniture market, and has
ambitions to get into paint and
ceramic tiles. And despite having relied heavily on its paper
for acquisitions, the group is for acquisitions, the group is plainly hurdened with debt. The sale of MCD for £100m or so will relieve the pressure, but further acquisitions will doubt-

less follow.

All the while, the market has a suspicious eye on Mr Ash-croft's accounting policies, including yesterday's £33m below the line write-off on the Crowther acquisition, and the promised valuation of brands. The net result is a share price of 157p, down another 5 per cent yesterday, and a prospec-tive multiple of 7. This might seem harsh for a group with Coloroli's hrand strength and marketing flair. But if there are rough times ahead for the corporate sector, the market is likely to seek quality of a more sober kind.

Chloride

For a company which has disappointed its shareholders for the umpteenth time. Chloride is pretty coy with its explanations. The company has had an endless stream of top executives who have hlamed their predecessors for the company's plight, and yes-terday Chloride axed its divi-dend without an adequate explanation. It is getting on for two months since its year end; and although Chloride knows what it earned at the pre-tax level, it gives no real clues to its gearing or its earnings per share, which are presumably the reasons why it is cutting the dividend. This is not the sort of behaviour to keep the institutions on Chloride's side in the event of a bid for the company - though that is probably the best thing that The relative performance of could happen to it.

Storm under the French umbrella Devaluation is threatening the Franc zone, writes Ray Medlock

SUMMITS of the heads of French-speaking states are usually more form than substance, representing a symbolic defence of the language and an assertion of France's influence in some 40 countries which have at least one thing in common.

Today's gathering in Dakar, capital of the West African state of Senegal, bowever, may have more substance than

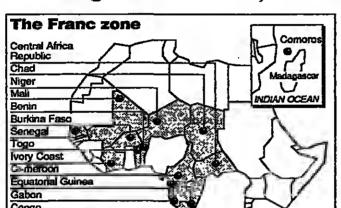
On the formal agenda are two pressing concerns - the environment and the need for further measures to tackle the problem of developing country external debt.

Equally pressing is an issue which, while not likely to be raised formally, is certain to come up as the delegates enjoy the facilities of a plush holiday

complex near Dakar.
For a group of African leaders present, the summit offers the opportunity to discuss the severe strains in a remarkable post-colonial institution: the Franc zone, a monetary umbilical cord which ties 14 African states to France.

Member countries' currencies are linked with the French franc at a fixed rate of exchange. They hold their reserves mainly in the form of French francs. Since 1948 the rate of the Communauté Finan-cière Africaine (CFA) to the French franc has stayed unchanged at 50 to 1. It is one of Africa's few readily convertlble currencies, underwritten as it is by the Banque de France (BDF), which also acts as the as lender of last resort to the two regional African central banks in Dakar (for West Africa) and Yaounde (for central Africa).

But an arrangement which served the region well in the past is now being tested. Several of the African members' economies are battling with balance of payments deficits caused by falling prices for



their exports, the impact of drought, the heavy cost of servicing external debt and a host of other economic ills. The circumstances of two

leading members of the Franc Zone – the Ivory Coast, once considered Africa's economic miracle, and the host country, which enjoys closer historical ties with France than perhaps any other African state - illustrate the difficulties.

Capitalist policies and rising

export earnings from coffee and cocoa fuelled the lvory Coast's growth in the 1970s.
Today the country is grappling with the combination of high external debt repayments and relatively low prices for its

in Senegal, further north, the economy is in profound dif-ficulties, but by low prices for the main exports - phosphates and ground nuts - and the cost of deht servicing.

Roth conntries need tance from France. Bnt sup-porting the CFA under these adverse circumstances is an increasing burden for the Ban-que de France, for the CFA members have run up a deficit

Just how hig that "over-draft" may be is a closely guarded secret. One economist

in Dakar estimated that Sene-

gal alone was in deficit at the BDF to the tune of between 90 and 100,000m CFA (\$294m). "Cote d'Ivoire's deficit must

be three or four times that figure", the economist added. According to one senior French official involved in African affairs, the total monetary activity of the CFA zone countries only represents 2 per cent of total franc circulation. But the CFA zone deficit is still considered by some analysts unsustainable, especially as French trade with Africa – the advantage of the relationship from the French husiness view-point – has been in decline

this decade. French exports to Africa fell from some 14 per cent of total French exports in 1981 to about 8 per cent in 1987. Imports to France from Africa also fell in the same period - from 8.6 per cent of total imports to 5.5 per

has also been declining. According to Senegalese Finance Minister Serigne Lamine Diop, fresh private investments by French companies within the CFA zone dropped from 18,000m CFA to just 2,000m CFA between 1982 and

French support for the CFA

even think the word devalua-tion should be pronounced," he is ritually confirmed whenever **US-Bonn gap remains**

Continued from Page 1

about prospects for agreement. Mr Baker said he thought the West Germans "had led them-

The reply late on Monday by the Bonn Government apparently said that the US was proposing excessively tight condi-tions unduly delaying the start of short-range talks and was, in effect, requiring Nato sup-port for a Lance replacement.

the issue would not dominate

Continued from Page 1

now under way.

essential in the market-orien-tated economic restructuring

However, although Interna-

tional Moscow Bank is set up as a wholesale bank, Western

banking specialists said yester-

day that the Soviet authorities had sought banks with large

commercial banking networks. "The Soviets are interested less in setting up a wholesale

bank than in acquiring exper-

tise in retail banking and West-ern banking techniques," com-

analysis, which is becoming mented one Paris banker not

yesterday.

head office.

the summit, which would be concerned with reviewing the position of the Nato alliance

the theme of common Western values: democracy, human rights, free markets and free

gration; seeing how the West political change in Eastern Europe; turning attention to problems of environmental risk and missile and chemical proliferation, plus possible out-of-area action in regional conflicts; and pursuing free-dom in areas of continuing Cold War conflict such as Ber-

Mr Baker also announced that the US and the Soviet Union had agreed to resume the strategic-arms reduction talks (Start) on June 19. This follows the agreement in prin-ciple reached in Moscow two

involved in the consortium

The agreement provides for branches to be opened in the future, but for the next two or

three years the bank is likely

to be limited to its Moscow

International Moscow Bank has a capital of 100m roubles (\$151m), but a large part of the

capital is expected to he

denominated in US dollars and

will carry additional protection

Banks in Soviet venture

Continued from Page 1

McMahon criticises US debt crisis plan

By Stephen Fidler, Euromarkets Correspondent SIR Kit McMahon, chairman of either went too far or did not

Midland Bank, yesterday go far enough. They gave the attacked a new US-led initiative for dealing with the Third the debts so that banks would world debt crisis for falling to convert their old loans into convert their old loans into convert their old loans. provide a fresh start and said it was likely to worsen problems

in the short term.

Midland has the largest exposure to Latin America among the British banks. Its chairman, the former deputy-governor of the Bank of England, said that the ideas announced on March 10 hy Mr Nicholas Brady, the US Trea-sury Secretary, fell "far short of being able to provide a really new start".

The Brady proposals, which envisaged accelerating the reduction of deht and debt servicing hurdens through the use of resources from the International Monetary Fund and the World Bank, have since been endorsed by the Group of Seven industrialised countries. Sir Kit's speech, at the annual Financial Times lunch

for the international financial community, carried the mes-sage that the Brady proposals proposed."

convert their old loans into new assets at a high discount. A broad plan of this kind would justify banks thinking carefully about taking very serious losses on the loans.

Sir Kit said: "The trouble is that it looks as if it's being done hut it's not being recom-mended or done at all. It's much more equivalent to being half pregnant."
It was sad that the move had

been mada in response to wor-ries about Mexico, which had made "heroic efforts" to reform lts economy. The proposals would delay a solution to Mexico's problems and the prospect of attracting a reflow of capital to the country had become smaller.

"In this country of all coun-tries, we have been persuaded into a position where a conflict is bound to arise because of the insufficiency and inadequacy

selves to believe that our position was perhaps somewhat different than it was when they actually looked at the piece of paper (the detailed US statement)."

The US is insisting that any talks on short-range missiles must be linked specifically to substantial progress in both negotiations and implementation of a reduction in conven-tional force imbalances. More-over, the US has insisted that the elimination of short-range missiles, the third zero, should be ruled ont and that the US would continue, on a national basis, to conduct research and development on a replacement to the ageing Lance missile.

While lowering expectations about a short-range missile agreement, Mr Baker thought on its 40th anniversary. Consequently, President Bush would seek to highlight

enterprise and the rule of law. He would stress five points: the would stress he points: the need for a strong common defence; the further develop-ment of European institutions that will strengthen the Euro-pean pillar of the alliance, including EC economic inte-tration; seeing how the Wart

Chinese leader cuts US visit

It was still too early yesterday predict the outcome of a struggele that began six weeks ago with a series of pro-democ-racy rallies following the death of Hu Yaobang, the liberal former Communist Party general

The Morgan Grenfell European Growth Trust is the top performing of all 99 authorised unit trusts investing in Europe since launch on 1st April 1988 until 15th May 1989.

£1,000 invested at launch would now be worth £1,706.* However, the value of investments may fluctuate and is not guaranteed. Past performance is no guarantee of future returns.

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WORLD WEATHER



FINANCIAL TIMES COMPANIES & MARKETS

™NOMURA

Local Commitment Global Capacity

Nomura International plc, Nomura House,

Benefits pile up for Coloroll



Last aummer's hardwon takeover of the John Crowther textiles group has brought its rewards to Coloroli. The British home prod-

ucts group yesterday reported that pre-tax profits for the year to the end of March had more than doubled from £26m to £55.5m, and that the retained Crowther carpet businesses were maating parformance targets. Meanwhite disposal profits of an estimated £260m are set to axceed acquisition costs of 2215m and leave the group in a net cash position. Page 32

A minimalist approach to lingerie They shocked Vienna. Now the scantily-clad : modala displaying a variety of up-market allk modala displaying a variety or up-market alik lingarla from the Austrian company Palmers are set to take their provocative brand of bill-board advertising further afiald, into West Germany and even Hungary. For the best part of three-quarters of a century, the innebruck-based family firm built its reputation on supplying nylon stockings, tights and conservative underwear. But it then turned its image "inside out". Judy Dempsey explains how. Page 25

Now in your local car showroom: the seeds of a market showdown



A rise in new car models in Japan and ovarseas is heightening competition in the industry Mazda, tha Japanese car maker which is closaly affiliated to Ford of the US, gave this warning yesterday as it announced a sharp increase in interim profits on the back of strong sales at home and overseas, it said it had redoubled afforts to improve its own model line-up and had cut costs. Page 28

Clear view of the future



For a hundred years the International Commodities Clearing House : clearer to commoditiesmarkets in London and around the world. But no more. Martin Eades (left), the group's new. managing director, is unimpressed by tradithe last piece of a jig-

saw in which the parts have been considerably shuffled in the last 18 months. And it comes at a crucial time for an organisation which is now surrounded by fulfy-fledged exchanges that believe they can do the job better. Katharine Campbell reports. Pege 30

Market Statistics

Base lending rates Benchmark Govt bonds FT-A world indices FT Int bond service

London recent issues

London share service London traded options London tradit options Money markets
New int. bond issues
World commodity prices
World stock mkt indices

31 Iroquels Brands

Mazde Motor

Minorco

Companies in this section

AD1
Air Canada
Air NZ
Allied Group
Appletree Holdings
Apricot Computers
Autostrade
BMW
Beneato Banesio Beazer **Bett Brothers** Brieriey Investments British Petroleum Broad Street Group Canadian Pacific Christies Inti Copson (Dal Nippon Printing Daily Mail & General

Mitsul Petrochemical Moran Holdings Morinaga & Co Motorcia Mutual Shares . News Corporation
Northern Star
Ossory Estates
Pharmacia
Poddington Propeller
Propeller
Queens Moet
Radio City
Rich'deons Westgarth
Royal Bank of Canada
SEAS
Schindler
Shaftesbury Eagle Trust F&C Eurotrust Smucker, J.M. Summer International 32. Thomson-CSF. Fairline Boats Frank G Gates Gold Fields 28 Volvo Car 33 Westfield Inti 28 Yorkshire TV Goodman Fleider

Chief price changes yesterday T (DMI) PARTS (FFV)

358.5 + 7 Enrol Bor . 27 + 0.6

390 + 5.3 Sp. Victoire 449 + 25.4

395 + 4.9 HFB Locda 66 + 3.9

303.5 + 3.9 Roussed Op 958 + 40.6

523.5 + 3.5 Scoa 82.9 + 3.4

235.5 - 8.5 Featler 233.5 - 12.8 2335 - 128 335.5 - 6.5 Rispas
Oriental Yeart
1250 + 300
Abria 1250 + 120
Abria 1250 + 120
Abria 1250 + 600
Pedis
Vitamber Spin 679 - 52
Nippon Metal 1150 - 80
Ulterio Valve 650 - 45

Inny Menchant
Ladirolon
Pacal Bact
Racia Teleconi
Ratners
Regity
Yamuse
THORN East
Utsaner
Lind Biscutts
Willie Fabor 438 - 21 226 - 9 205 - 9 341 - 11 700 - 12 303¹2 - 21¹2

Wednesday May 24 1989

Canadian bank restructures in Europe

By Laura Raun in Amaterdam and David Owen in Toronto

ROYAL BANK of Canada, the

country's largest bank, is restructuring its European operations to focus on corporate banking.

The decision will precipitate the sale of subsidiaries in France and Belgium and of certain equi-

Gearing up

across the

on Jean-Yves Haberer's

preparing Crédit Lyonnais

ambitious plans for

for the single market

trans-European strategy.
"We are already number one in
Europe in terms of commercial

bank branches, and we intend to stay that way," he said in his big but sparsely furnished office at Crédit Lyonnais' Paris headquar.

ters near the Opera.
He has just underlined his determination by bringing off one of Europe's most important trans-frontier banking acquisi-

tions: Crédit Lyonnais has

bought effective control of Cre-dito Bergamasco, a large private bank based in northern Italy.

That follows last March's acquisi-tion of the Belgian subsidiary of

Chase Manhattan Bank, further strengthening the French bank's

position as the largest foreign

Mr Haberer was director of the

with a multinational board.
"It will become an important

which can have a truly European base. Even before the latest Italian deal, we had 7,500 people working for us in Europe outside

bank in Belgium.

bank in state hands.

Europe

frontiers of

Paul Betts and Alan Friedman

R JEAN-YVES Haberer, the newly appointed chairman of Crédit Lyonnais, is staking the French bank's future on an ambitious trans Future of the future of t

And yesterday the bank announced a significant deal in the Soviet Union: it is one of five European banks which have set up the first joint venture bank in You also can't do retail banking in West Carrany and I have no

up the first joint venture bank in Moscow in partnership with three Soviet banks. You also can't do retail banking in West Germany and 1 have no interest in doing so there. But in

French Treasury between 1978 and 1982 and then chairman of Paribas bank until he was dropped in 1986 by the right-wing government of Mr Chirac. He made his comeback in the French financial establishment eight months ago when the new Socialist government appointed him to head France's "second largest There are also historic reasons."

head France's second largest There are also historic reasons bank in state hands.

There are also historic reasons for Crédit Lyonnais to invest in

bank in state hands.

He has wasted little time in putting his European strategy into practice, and in the autumn he plans to group all the bank's European assets outside France into a new holding company, called Crédit Lyonnais Europe, called Crédit Lyonnais Europe, proposed a section of France bordering Italy.

"We clearly want to build up this important regional presence by developing ourselves in north-regional presence by developing ourselves in north-regional presence."

"It will become an important vehicle for our European strategy," explained Mr Haberer. "It Lyonnais and northern Italy will be very fertile," he said.

Crédit Lyonnais and northern Italy will be very fertile," he said.

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France. The Italian transaction have effective influence. We are has added a further 1,500 people not obsessed about taking full

He argues that Crédit Lyonnais has a stronger overall spread of banking interests in Europe than a bank like Barclays, of Britain, whose European assets are heavily concentrated in two countries, Spain and France. He considers Barclays and Deutsche Bank as Credit Lyonnais' main competitors in Europe.

The single European market starting in 1993 will soell the end

starting in 1993 will spell the end of traditional one state banking,

Mr Haberer says. "Until now,

banks have operated from their

home country bases, extending their businesses in other coun-tries. But 1993 will produce a new

situation and each bank is being

forced to develop a new financial and commercial strategy."

However, he does not intend to see Crédit Lyonnais involved in

many other countries you can

ern Italy. I'm sure that the cross fertilisation between the Crédit

for the drive

unit of one of Britain's largest insurers, will purchasa the French subsidiary, while the bank's Belgian retail and commercial operations will be bought by Nederlandsche Middenstandsbank of the Nederlandsche Middenstandsbank of the Netherlands. Terms were not disclosed.

and Bergum and of certain equities trading operations in West
Germany. The bank will, however, retain its French corporate
banking operations, which will
be administered through a new
subsidiary.

Commercial Union France, a

were not disclosed.

The Royal's domestic deutschmark equities trading operations in West Germany will be acquired by a subsidiary of Amro
Bank, the second largest bank in
The Netherlands. The deal includes ownership of a full ser-

vice branch in Dortmund. The acquisition is in line with Amro's strategy of international Amro's strategy of international expansion, notably in Germany, which is aimed at achieving a leading position among European banks. An alliance has been forged with Generale Bank of Belgium, although the acquisition is being done through Amro Handelsbank, the German unit.

Mr Anthony Webb, senior vice Mr Anthony Webb, senior vice president at Royal Bank of Can-ada, said the bank has concluded that its principal strength outside

capital control like the Deutsche

Bank, which always wants to own 100 per cent. We also want the large local Italian sharehold-

ers to stay with us in the bank

and preserve the Italian personal-ity of the group," he said. The deal is the third major

acquisition by a foreign bank in Italy in recent years, following Deutsche Bank's purchase of the 99-branch Banca d'America e d'Italia (BAI) in 1986 and Citibank's takeover of the 45-branch Banca Centro Sud in 1985. It is further confirmation" that non-Italian institutions are willing to pay premium prices to enter Italy.

premium prices to enter Italy.

Mr Haberer acknowledges that

it is expensive to buy an Italian

bank. "But Italy remains for the

time being a very protected mar-

ket and you have to pay the price to get in. We could have waited

until the open market of 1993 before moving in, but by buying an Italian bank now we have

gained time, and as you know,

time is money."

To support his development

strategy, Mr Haberer says Crédit

Lyonnais will need to find FFr10hn in fresh capital funds between now and 1993. Half of

this money will be required to

help the bank meet the new Cooke Committee international

solvency ratios and the other half to finance expansion. The French government recently agreed to inject FFr1.5bn in the bank

through the Caisse des Depots and Mr Haberer is confident of

continuing support from his state shareholder.

At the same time, he intends to

rely on the bank's improved prof-itability to finance a large part of its new capital needs from inter-

Crédit Lyonnals recently reported a disappointing 7 per

cent decline in net profits to

FFT2.06bn last year as a result of losses of FFT603m at its-London securities subsidiary, Alexanders Laing and Cruickshank, and a heavy increase in bad debt provi-

sions. Mr Haberer expects the London subsidiary to break even

He has also set himself the tar-get of increasing profits to FFr4bn by 1992, repeating his achievement at Paribas, where he

managed to double profits in four

years. His other ambition is to ensure that Credit Lyonnais remains, in his words, "the most European of the European banks."

julsition by a foreign bank in

Canada lies in "meeting the needs of major corporations, especially those having or seek-ing solid connections with North America. We have realised that in Europe, with its well-established indigenous banks, it is unrealistic to euppose that we could be as successful as they are in serving retail and commercial customers in their own coun-

The bank will be allocating substantially increased capital through its new French subsid-

iary to strengthen its base there, Mr Webb added. In its year ended October 31, the bank reported net income of C\$712m (US\$596m), representing a strong comeback from the previous year when special loan loss provisions had resulted in a sub-

further C\$360m to Third World

stantial loss.
Earnings from internstional operations totalled only C\$11m, against C\$111m in 1987, however. This was due to the addition of a

Merger boosts BA profits to £268m

By Andrew Hill in London

BRITISH Airways' 1987 merger with British Caledonian helped boost the airline's profits to £268m (\$423m) before tax in the year to March 31.

BA would not quantify BCal's 1983-89 contribution, but group profits were 17.5 per cent higher than the previous year's £228m, which was held back by an initial

three-month loss of £32m at BCal. However, loss-making BCal routes from Gatwick to continental Europe, and increased compe-tition on services from West Ger-many to West Berlin more than halved BA's operating surplus in

Europe from £36m to £16m. Group turnover rose from £3.76bn to £4.26bn and earnings £3.76bn to £4.26bn and earnings per share were up nearly 16 per cent to 24.3p (21p). The group recommended a final dividend of 5.25p, making a total 7.75p (6.9p). Some £3m was saved on pension contributions, belping reduce losses in the fourth quarter from £39m to £5m before tax. BA's chief executive Sir Colin Marshall said second half passenger revenue had shown a marked

ger revenue had shown a marked increase on the equivalent period, reflecting a change at the half-year to a new timetable combining BCal and BA schedules.

The number of passengers carried by BA rose from 23.2m to 24.6m. Sir Colin added: "We saw an increase of some 3 per cent in productivity, and staff costs as a percentage of our total costs were down by 2.5 per cent."

Having integrated BCal, BA is aiming to reduce management in the group's core business by 10 per cent — or about 100 jobs. ger revenue had shown a marked

per cent - or about 100 jobs. Charges of £28m were taken above the line in the 1988-89 fig-ures. About £17m of that covered start-up ventures including Air Miles, the 51 per cent-owned promotional air travel scheme, and Galileo, a computerised booking system operated with other airlines.

The balance was an £11m provision against losses at Redwing Holidays, the package holiday company 50 per cent owned by

Interest charges rose from £31m to £71m, and currency



Lord King, BA's chairman, announcing the group's results

losses on general purpose loans were £15m, against profits of £11m in 1987-88. Gearing at the year-end was 138 per cent (108 per cent), or 104 per cent excluding deposit refinancing. BA said talks about taking a

stake in Sabena, the Belgian national airline, were continuing, though they were still at a pre-liminary stage.

The airline also intends to seek some compensation from Boeing

for delays in the delivery of new 747-400 jumbo jets. The first of these aircraft should arrive in step up its one-stop services to Australia, assuming European aviation authorities approve the

new aeropianes.

BA said 48,000 employees would receive a staff profit-share bonns of just over 2½ weeke' basic pay. They will also be given an additional week's pay as a reward for the results and the successful integration of BCal.

British Alrways has increased its stake in Hogg Robinson, the travel, transport, and financial services group, from just under 10 per cent to 12.33 per cent. Lex, Page 24

Brierley disposes of his stake in Ultramar

By Philip Coggan in London

IEP Securities, part of Sir Ron Brierley's business empire, yes-terday sold its 14.1 per cent stake in Ultramar, the diversi-fied oil group, realising a profit of around £65m (\$103m). The 49m shares were placed by London market marker Smith New Court with a group of UK institutional investors at 305p each, and Ultramar's shares fell 21n to 305p vesterday.

21p to 305p yesterday.
IEP said that Ultramar's shares were trading at close to an all-time high and there was "no particular reason wby they should outperform the market in

the short term." The shares had been booght at an average price of 185p.

The sale represents the latest in a series of disposals of London equity investments by IEP this

Mr Terry Povey, an analyst at ANZ McCaughan, estimates that IEP has raised £240m in Londou equity disposals during 1989. IEP has also spent money on build-ing up stakes in Mount Charlotte, the leisure group and in Vickers, the British defence and engineering group.

Sir Ron first declared a stake

in Ultramar in April 1986, although the holding had been built up over a period of months. His stake helped create speculation that Ultramar might become a bid target.

However, Ultramar bas recently benefited from the upsurge in the oil price and its quarterly profits, announced last week, were more than doubled at £32.2m. Bid speculation bas also been dampened by the failure of a French and Canadian consortium to mount a hid and by the appointment of a new chief exec-utive, Mr Jean Gaulin.

Mr David Elton, an Ultramar executive director, said yester-day that "Sir Ron has been a loyal and sopportive investor. We're pleased that the strong performance of the company means be has made a good profit and we're even more pleased that the shares should have been placed widely with a range of British institutions."

Mr Povey of ANZ McCaughan said that he thought the disposal

of IEP assets was based more on a bearish view of the London equity market than on the need to raise cash for a major bid. Sir Ron Brierley has been rela-

tively inactive as a bidder in the UK market in the last two years, preferring to concentrate on strategic investments, said Mr

Rothmans International p.l.c.

through its wholly owned subsidiary

Rothmans Belgium

has acquired substantially all of the publicly owned shares of

S.A. Tabacofina

The undersigned acted as a financial advisor to Rothmans International p.i.c. and to S.A. Tabacofina.

Salomon Brothers International Limited

BMW to raise \$84.5m through issue of preference shares

per cent or more of a bank to have effective influence. We are

By Andrew Fisher in Frankfurt

EMW, the West German luxury yesterday, down by DM3.

car company, is raising Analysts said the pricing of the issue, which will take place low-priced rights issue of pref-erence shares. The move is to create a market in this cate-gory of stock for the benefit of employees who will shortly be able to buy such non-voting shares for the first time.

able to subscribe on a onefor 20 basis to the new preference shares at a price of DM225 each. This compares with a closing price for the ordinary shares — a majority of which are in the hands of the controlling Quandt family - of DM509

after the July 8 annual meeting, was much lower than would be the case if BMW needed extra capital. "This is purely to provide an incentive to the workforce," said Mr shares for the first time.

The company said yesterday that shareholders would be the London stockbroker. Some

300,000 new shares will be created for the workforce. This year, BMW sales have been racing ahead in Germany and the rest of Europe, with a 22.5 per cent advance in the first four months to 141,100 cars. This compares with 2.5.4

per cent drop at Daimler-Benz to 154,900, said Mr Reitman. In the US, still a tough market, BMW's sales were 2.1 per cent higher at 23,375 cars, while Daimler's fell by 16.5 per cent

BMW's progress has been aided by the continuing success of its latest top-of-the-range 7 and 5-series models. For 1988, BMW has

announced flat parent com-pany net profits of DM375m and an unchanged dividend of DM12.50 a share. However, Mr Reitman estimates that group earnings per share rose from DM43 to DM45 last year, with DM50 in prospect for 1989.

INTERNATIONAL COMPANIES AND FINANCE

Austrians find new sexual identity

Judy Dempsey on the 'minimalist' approach of a lingerie business

n up-market Austrian lingerie husiness, which shocked the sensitive Viennese with its provocative advertising, is moving further afield into West Germany and even Hungary in an attempt to promote its high-

fashion underwear. Few Viennese would bave expected the Palmers company to turn its image inside-out. After all, since its establishment in Innsbruck back in 1914, this old, respectable fam-ily concern supplied what a Palmers sales manager called women's "day-wear" and "night-wear", at least to those who did not have their corsets

For the best part of three-quarters of a century, Palmers has dutifully provided its customers with nylon stockings, tights and conservative under-wear. Indeed, stockings and tights are still the company's

best-selling product. Over 6m pairs are sold each year.

Such an image of staid conservatism, which was very much in line with contemporary trends in Austria, particularly in marketing and advertising, was radically joited in the early 1980s. It was then that Mr Pudolf Humer, the 45. that Mr Rndolf Humer, the 45-year-old chairman of the com-pany, took a hard look at its he says, adding that Palmers'

By Robert Taylor in Stockholm

PHARMACIA, the Swedish

pharmaceuticals and hiotech-nology group, recorded a 19 per

cent increase in first-quarter net profit to SKr258m (\$38.2m) from SKr217m in the same

period of 1988. There was a 14

per cent improvement in con-solidated net sales, from SKrl.57bn to SKrl.79bn.

The company said it had no reason to alter its forecast for 1989, but that profits would be

The best performance has been in Pharmacia's diagnos-

tics group, with a 49 per cent rise in sales, due in part to the completion and integration of

last year's acquisition of the

US company Electro-Nucleon-

ics. However, Pharmacia also reported that sales in immuno-

diagnostics had more than doubled over the same period.
Sales in the ophthalmics
group rose 15 per cent, with

higher than last year.

Pharmacia 19% ahead

profile. He wanted to retain its traditional customers, but at the same time he wanted to attract the growing younger generation of well-off, fashionconscious yuppies who, he says, are less inhibited about what they wear — either in public or in private.

To give Palmers a higher

profile, Humer brought in an international advertising agency – and non-Austrian models. Overnight, giant bill-boards were splashed across Vienna. Some Austrians were shocked next morning to see model displays of scantily-dressed women sporting a vari-ety of Palmers' silk lingerie. They were more shocked when Palmers started promoting men's underwear, which, like the advertising for women's garments, could be described as "minimalist."

Mr. Humer shruss off criti-

Mr Humer shrugs off criti-cism that his advertising is sexist or exploitative of women. Rather, he speaks openly about the Austrian atti-tude towards sex in general. "Women identify with our underwear," he says. "We want to combine in our advertising the aesthetic with the erotic. This is not so primitive. Atti-tudes towards sex are becom-

underwear is a reflection of these changing attitudes.
One of his sales managers goes further by insisting that Palmers will continue to be provocative. But we do not

think we are going over the top with our advertising."

The new image has had an instant impact. Mr Humer says he receives hundreds of letters every time the firm embarks on a new, provocative advertising campaign. Sometimes, the response is very hostile. However, mostly it is positive, he says, adding that for too long Austrian woman never took their lingerie or sexual identity seriously enough.

ore important, this kind of marketing and aggressive advertising is paying handsome dividends for the firm. Turnover for 1988 reached Schl.6bn (\$113m) — slightly up on the previous year. Cashflow also increased by Schl2m to Schl2m over the same period. However, Mr Humer reckons However, Mr Humer reckons there is a point at which the Austrian market could become saturated, at least in terms of setting up branches and franchises. So far, the company has 97 branches throughout the

173 franchise partners and an annual marketing hudget of Sch60m, it is reckoned that the majority of Austrian women are now familiar with Palmers. Mr Humer is not content, however, with remaining purely an Austrian phenomenon. Over the past few months, in co-operation with Uuklas, the West German firm, he has set up a branch near Dussel-dorf, backed by a minimum of

DMim (\$500,000) of capital. The Palmers flag is also flying in Hamburg, Mannheim and Kas-For Mr Humer, the spectre of 1992 has raised new challenges for the company. "We need to have a presence in the European Community. We have to expand now." But his eyes are also looking Fastwards. He

also looking Eastwards. He says he plans soon to open a branch in Budapest.

Those branches will he instantly recognisable. The Palmers logo is green, the sales assistants are dressed in green, the bags are green. The carpet in its headquarters just outside Vienna is green. Mr Humer says be even has a green tie. The corporate identity will have a say the corporate identity will be a say that the say the say that the say th remain. However, Mr Humer has few intentions of allowing Palmers lingeris to slip into something less exciting than its present image.

Conde gets Petromed seat

By Peter Bruce in Madrid

country and is due to reach 100 by the summer. Combined with

Japan almost doubling in volume. There was a particularly rapid growth in demand for Healon (a gel used in eye surgery) and intraocular lenses.

• Aga, the Swedish industrial gas group, yesterday aunounced a 1 per cent increase in profits (after finan-cial items) to SKr300m (\$44.4m) for the first quarter — up from SKr29/m. Sales increased by 13 per cent to SKr2.58bn, from SKr2.28bn.

The company said that the recent acquisition of the Norwegian cold storage company Oestlandske Fryserier and further share purchases in the Propane Gas company in Norway had not been included in the interim report — their combined sales were SKr200m for the first quarter. Aga added that its forecast of increased profits for the whole of 1989

remained unchanged.

BANCO ESPANOL de Credito (Banesto), has consolidated its hold on the big private-sector petroleum group, Petromed, with the appointment to the Petromed board this week of Mr Mario Conde, Banesto'e

Banesto owns about 37 per cent of Petromed and the two groups have been at loggerheads recently over Petromed's heads recently over Petromed's refusal to consider merging with Cepsa, its main refining rival in the private sector. Mr Conde was keen on the move as it would have formed part of Banesto's merger — since collapsed — with Banco Central, which controls Cepsa.

Mr Conde has also succeeded in securing, in principle, the

in securing, in principle, the resignation from the Banesto hoard of Mr Juan Herrera, Petromed's chairman, who, ironically, joined the bank's board to help Mr Conde fight off a takeover bid by a rival bank at the end of 1987. Petromed bought 3 per cent of Banesto as part of the bank's

Mr Herrera's agreement to leave Banesto is the most obvious success yet in Mr Conde's attempts to clear the bank's often fractious board of its older members to ease the long process he faces in modernising the bank and its huge industrial empire.

Banesto is already having trouble streamlining its industrial interests by grouping them under a new holding company. Under Spanish law, the state can service the content of the content the state can waive 99 per cent of the capital gains tax due on revalued assets transferred to a new company, but is reluctant to do so in this case because the transfers would all take place under the parentage of the original owner - Banesto.

Jomsberg bid at stormy GM

By Xueling Lin in Copenhagen

SEAS, ONE of the largest Danish electricity producers, has quashed a takeover hid from Jomsberg, Luxembourgbased finance company, after a stormy general meeting. Small shareholders pre-vented Mr Richard Bonni-

chsen, the Jomsberg represen-tative who spearheaded the takeover bid, from gaining a seat on the SEAS board, thereby crushing the finance company's hopes of channel-ling DKr150m (\$19.2m) of SEAS funds into a special investment company. SEAS estimates its assets

skas estimates its assets including two power stations
and an extensive distribution
net - at up to DKr10bn, on
top of net capital of DKr60m.
Jomsberg has now sold its
28 per cent shareholding in
SEAS to Denmark's largest

bank, Den Danske Bank, and to SEAS itself, for DKr38.5m.

The takeover bild drew strong media and political attention because of fears that if it succeeded Jomsberg could theoretically cut off electricity

theoretically cut off electricity supplies to south-eastern Denmark or raise electricity prices dramatically when SEAS's concession to supply electricity ended in 1997.

The Danish Government held back from direct intervention in the takeover bid in the weeks running up to the general meeting, in spite of calls by SEAS management for the company to be changed from a private company to a from a private company to a consumer-owned co-operative. Mr Jens Bilgray-Rielsen, the

Energy Minister, said that Jomsberg's withdrawal was a happy way out of the problem, but that he would still be looking at the electricity supply law. He also stated that while the

He also stated that while the Jonsberg bid would not stop the planned privatisation plans, it was a strong reminder that suppliers of essential services should not be sold out completely.

SEAS hopes to buy the 19.5 per cant share bought by Den Danske Bank and to purchase the remaining shares from SEAS's small shareholders if the company is turned into a

the company is turned into a co-operative.

SEAS stops | Schindler's purchase of Also interest 'a mistake'

By John Wicks in Lucerne

SCHINDLER HOLDING, the Lucerne-based international lift and escalator manufac-turer, "made a mistake" in taking over a stake in Also Holding last year, Mr Alfred Schindler, the company's presi-dent, said yesterday. Also Holding, in which Schindler has a 30 per cent

shareholding but a voting majority, recorded combined losses last year of SFr42.1m (\$23.5m) on turnover of SFr185m. The company, which records the sale and lesses specialises in the sale and lease of personal computers and software, remains in the red this year with a first-quarter deficit of SFr2.7m.

Mr Schindler said that his company, had not hear

company had not been informed of the true condition of Also on the purchase of the shareholding last July. A new management was subsequently appointed by Schindler, which will have written off the Also participation to a nominal SFr1 by the end of this year.

The Hergiswil-based Also, which had grown rapidly in recent years by a series of acquisitions at home and abroad, is seen by Schindler as having been "insufficiently equipped" for the highly competitive personal computer

market.

However, Schindler intends to "nurse Also back to health," in the light of what it sees as a promising market environment. Despite the Also write-off, Schindler's group profits rose by 30 per cent last year from SFr65.2m to SFr85.1m.

Consolidated sales went up 22 per cent to a record SFr219bn, excluding turnover of the unconsolidated Also and of the recently acquired lift division of the Westinghouse concern in the US. in the light of what it sees as a

concern in the US.

At the June 19 annual general meeting, the Schindler Holding board is to propose an increase in Airdand to STA increase in dividends to SFr90 per bearer share from SFr80 in

Chloride shares sank another 6p on yesterday's news. Explaining the decision to cut

the final payment from L5p to 0.55p, Chloride said that the board had to look at last year's

performance and that "there had not been enough cover."

Analysis calculate that the weight of overseas earnings

could result in a 55 per cent tax charge for 1988/9

and that earnings per share might, therefore, run out at around 1p. If so, a maintained final would leave the dividend uncovered.

Instead, the total payment

RESIDENTIAL --

1987 and to SFr18 per regis-tered share and participation certificate from SFr16 in 1987. On the same basis, Mr Schin-dler predicted 1989 turnover of some SFr2.4bn. In addition, about SFr800m is expected from the former Westinghouse

from the former Westinghouse unit and a further SF7400m from unconsolidated affiliates. The trend so far this year had been "very positive," he added, and indicated that profits should again be well upon those for the avertices year. those for the previous year.

Swiss store chain Magazine
zum Globus achieved a small znm Globas achieved a small increase in sales in the first two months of this year and expects sales for the full year to grow by 2.5 to 3.5 per cent, according to Mr Rudolf Bitteril, the company's chairman

charman.
The company had group net profits of Sfr84.9m (\$19.5m) in the year ended February, up from Sfr84m in the previous year, on sales of Sfr1.44bn against Sfr4 38hn. chairman.

Chloride to cut final dividend

£15.7m.

By Nikt Talt

SHARES IN Chloride, the

SHARES IN Chloride, the troubled UK battery maker, slumped another 12 per cent yesterday to 37p, as the group announced that it planned to cut its final dividend for the year to end-March.

Chloride also revealed that pre-tax profits for the year would be in the region of £12m (\$19m), compared with the £18.2m recorded in the previous 12 months. The battery group warned that it would also "suffer a tax charge signifalso "suffer a tax charge signif-icantly higher than the stan-dard rate of corporation tax" for 1988/9, because of the dependency on overseas sub-sidaries earnings and high tax rates in some foreign countries

where it operates.
Some of yesterday's amouncement had been anticiamouncement had been anticipated by analysis in the wake of a previous warning by Chloride last month — although the suggested profits figure is at the lower end of estimates.

In April, Chloride announced the sale of its European motive rower announcement to Company.

power operations to Compag-nie Générale d'Eléctricité for £55m, said it was negotiating

to sell its European automotive battery business, Exide Europe and predicted that profits would be lower than in the pre-vious year, adding that it would consider the final divi-dend when the prelimary appropriment was made. A for the year will be 1.ip com-pared with 2p. The saving to the company from paying the reduced amount, compared with maintaining the final, is around £3m. In its circular to shareholdannouncement was made. A newly formed consortium,

ers - calling the egm at which they will be asked to approve the motive power disposal involving the Wanandi family, Chloride says that Exide Europe made "substantial losses" in 1988/9 but does not has since emerged as the buyer of Exide Europe, paying However, the market had tended to think that the final reveal the extent. dividend would be held and

It adds that the subsidiary's net assets before deducting related borrowings - which the huyer is not assuming were about £25m at comple-

tion.
It also discloses that group debt rose by over £50m from £28m in the year to end March with acquisitions, capital expenditure, reorganisation costs and poor trading performance blamed - while at April 28, borrowings net of cash hal-ances stood at £89m. However, it says the £70m proceeds from the disposals will produce a "much strengthened balance sheet."

Lex, Page 24

Trinkaus & Burkhardt



1988 was a year of significant achievements for Trinkaus & Burkhardt. For the year, we succeeded in boosting our operating results substantially. Decisive was a distinct improvement in securities trading for the Bank's own account. Our foreign exchange operations also posted results exceeding the previous year's high level. Partial operating profit showed a 12.9 per cent decline. While net interest income increased, net commission income was lower than a year earlier. Reflecting our confidence in the future, capital spending was stepped up, including invest-

ments in a new branch in Hamburg.

For a further expansion of our business and for meeting the higher capitalisation requirements we shall need in the future, Trinkaus & Burkhardt strengthened its capital and reserves by 25.9 per cent to DM 325.5 million. In addition, we broadened our capacity for long-term lending by launching two DM Eurobond issues totalling DM 150 million. The structure of our business with corporate customers saw a further shift towards sophisticated specialized financial services. Bonds were the dominating element in business with institutional investors, an area in which Trinkaus & Burkhardt again recorded solid growth. The total value of securities beld by the Bank for customsrs account rose to some DM 18 billion. In underwriting, the Bank further consolidated its role as a lead manager. Trinkaus & Burkhardt occupies a leading position in the currency warrant market.

In line with changing market requirements and in order to serve our corporate customers even more efficiently, Trinkaus & Burkhardt has concentrated its corporate finance activities in Trinkaus Consult GmbH. The services of this specialized entity include mergers and acquisitions, strategic financial counselling, and client-related capital market activities.

As a result of the achievements of the past year, Trinkaus & Burkhardt shareholders will participate in the net profit of DM 26.1 million earned by the KGaA. It is proposed to increase the total dividend payment from DM 16.2 million to DM 17.1 million. After a further strengthening of undisclosed reserves, DM 9 million is to be allocated to published reserves. The Bank's subsidiaries retained a further DM 8 million.

1988: Potential Strengthened For Europe

Group Accounts 1988

Selected Data	in DM million	Change as against 1987				
Total business volume	8,196	+104%				
Balance sheet total	6,806	+ 9.7%				
Credit volume	4,775	+ 8.5%				
Securities boldings	1,018	+ 5.1%				
Capital resources	326	+ 25.9%				
Net interest income	109	+ 6.3%				
Net commission income	101	- 5.0%				
Partial operating profit	72	-12.9%				
Post-tax profit	34	+ 8.7%				

CREATIVE CAPITAL AT WORK

Trinkans & Burkhardt - Königzaller 21/23 - 4000 Dasseldorf - Telephone (02 11) \$314

Essen - Frankfurt - Hamburg - Munich - Stattgart - Luxembourg - Zorick

of Commerce (A Canadian Chartered Bank) Floating Rate Deposit Notes due 1996 In accordance with the provisions of the Notes, notice is hereby

given, that for the interest Period from February 28, 1989 to May 31, 1989 the tate for the final interest Sub-period from May 25, 1989 to May 31, 1989 has been determined at 9%% per annum, and therefore the amount of interest payable. against Coupon No. 19 or per U.S. \$10,000 nominal in reg form, on the relevant interest payment date May 31, 1989 will be U.S. \$257.20.

U.S. \$150,000,000

Canadian Imperial Bank

By: The Chase Manhattan Bank, N.A. London, Agent Bank

May 24, 1989



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*SWISS ALPS Delightful pied-a-cere of I living roo 2 bedrooms, a patery and a cellar.

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CAYENDISH COAL LIMITED

pistered number: 2242129 Trading name(s):- CAVCOAL Taytrip Limited

receivers: 10 May 1989 JOSEPH PATRICK CONSIDNE and ROY ARTHUR JOHNSO Joint Administrative Receivers (Cifice bolder nos 056 and 105)

Cork Gully Churchill Way Curdit CP1 400



£200,000,000

Floating Rate Notes 1997

In accordance with the provisions of the Notes, notice is bereby given that, for the three month period 22nd May, 1989 to 22nd August, 1989 the Notes will bear interest at the rate of 13½ per cent. per annum. Coupon No. 16 will therefore be payable on 22nd August, 1989 at £1,661.99 per coupon from Notes of £50,000 nominal and £166.20 per coupon from Notes of £50,000 nominal.

S.G. Warburg & Co. Ltd. Agent Bank



Banque Indosuez U.S. \$200,000,000 Floating Rate Notes due 1997

For the three months 22nd May, 1989 to 22nd August, 1989 the Notes will carry an interest rate of 10% per attrution and coupon amount of U.S. \$255.56 per U.S. \$10,000 Note, and U.S. \$6,388.89 per U.S. \$250,000 Note. Listed on the Luxembour

Bankers arus. Company, London Bankers Trust

Banque Indosuez

For the six months 22nd May, 1989 to 20th November, 1989 the Notes will carry an interest rate of 9%% per annum and coupon amount of U.S. \$502.40 per U.S. \$10,000 Note. Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

Ente Nazionale per l'Energia Elettrica (ENEL) Yen 10,000,000,000 Guaranteed Floating Rate Notes Due 1992 Unconditionally and irrevocably guaranteed as to payment of principal and interest by

The Republic of Italy Notice is hereby given that the Rate of Interest has been fixed at 5.15% and that the interest payable on the relevant Interest Payment Date November 24, 1989 against Coupon No. 4 in respect of ¥10,000,000 naminal of the Notes will be ¥259,616.

May 24, 1989, London By: Cifibank, N.A. (CSSI Dept.), Reference Agent CITIBAN(C



U.S. \$125,000,000 Floating Rate Notes due 1997

Dansk Eksportfinansieringsfond

Issue of up to U.S. \$200,000,000

Floating Rate Notes Due 1995

of which U.S. \$181,509,000 has been issued as the initial tranche Notice is hereby given that the interest payable on the interest Payment Date, June 22, 1989, for the period December 22, 1988, to June 22, 1989, against Coupon No. 8 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$503.25 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$12,581.25.

May 24, 1989, London By: Cifibank, N.A. (Dept), Agent Bank CITIBANC

(Danish Export Finance Corporation)
thed with limited liability in the Kingdom of Denmark)

Columbia First U.S. \$150,000,000 Collateralized Floating Rate Notes

due November 1996 For the interest period 22nd May, 1989 to 22nd November, 1989 the Notes will carry s rate of interest of 9%% per annum, with an interest amount of U.S. \$4,983.33 per U.S. \$100,000 Note. Listed on the Luxembr

Bankers Trust

Agent Bani

INTL. COMPANIES AND FINANCE

Deere ahead on buoyant sales in North America

By Roderick Oram in New York

DEERE, the world's largest maker of farm machinery, has turned in a large increase in second quarter profits thanks to brisk growth in North Amer-

ican sales.

Net earnings for the three months ended April 30 rose 51 per cent to \$130.5m, or \$1.74 a share, from \$86.4m, or \$1.15, on sales which advanced 16 per cent to \$1.670n from \$1.450n. For the first half, net earnings were 15 per cent higher at \$178.9m, or \$2.39 a chare, against \$153.9m, or \$2.14, a year astiler.

year earlier. Last year's net included a gain of \$28.7m from an accountancy change and a \$19m tax loss carried forward. Sales grew 13 per cent to \$2.81bn from \$2.49bn. Higher sales volume and

prices were offset by inflation-ary cost increases and start up costs of some new products, the company said. Overseas operations sharply increased their profitability. North American retail sales of farm equipment were shead in April, bringing first half lev-els up to those of the year ear-lier. The favourable trend con-

lier. The favourable trend continued in May.
Industrial equipment sales were also ahead, but the company was concerned that they will ease later this year because of high interest rates, which are slowing down IIS. which are slowing down US construction activity. Sales of

lawn and ground care equip-ment were reduced.

Deere is planning to increase its second half production

schedules in North America and abroad for agricultural equipment but plans small reductions in lawn and ground

The North American agricul-tural outlook remains favourable, Deere said. Although winter wheat production will decline because of droughts in

decline because of droughts in some areas, most regions have had enough spring moisture to get crope off to a good start.

In the second quarter, world-wide farm equipment sales rose 19 per cent to \$1.35bn from \$1.14bn, while industrial equipment edged ahead to \$313.9m from \$312.8m. Total US and Camadian sales rose 18 per cent to \$1.31bn from \$1.11bn, while to \$1.31bn from \$1.11bn, while overseas sales were up 7 per cent at \$364.3m from \$340.4m.

Air Canada sell-off could raise **C\$500m**

By Robert Gibbens in Montreal

CANADA'S federal Government stands to make more than C\$500m (US\$419m) from the sale of its 57 per cent interest in Air Canada. This is due to improving market conditions for airline stocks and better profit prospects for the airline through 1989.

Air Canada stocks have gone well above C\$12 in the market,

and this second step towards full privatisation has gener-ated widespread interest. Although foreigners cannot

old more than 25 per cent of Air Canada, the underwriters will be offering part of the Government's holding outside Canada and the stock will eventually be listed in London,

Tokyo and New York.

In the autumn, Air Canada sold a block of Treasury shares at C38 a share, reducing the Government's 100 per cent holding to 57 per cent or 41m shares. The proceeds were used mainly to back C\$2bn

worth of equipment orders.

The shares were snapped up by the Canadian public and by one or two foreign institutic market was in the grip of a cut-throat fare wa

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However, earlier this year Wardair, the charter carrier become a full scheduled airline, was caught in the vice of low fares and rising debt and was taken over by Canadian Airlines international, the successor to CP Air now owned by PWA Corp of Calgary. Then Air Canada shares

were trading at a low of C\$7. But once the CAI-Wardsir merger was clinched and the fare wars had eased, buyers came out and drove the price up to more than C\$12. Many American airline stocks have also advanced sharply this Air Canada is expanding its

foreign network and becoming more efficient on domestic pas-senger and cargo rontes. In the short term, analysts say, it has a good chance of raising its 1989 revenue should be

around C\$3.7bn, with earnings of about C\$1.80 a share.

The Government has suggested that an issue price of C\$12 a share would be a steal and it hopes to get between C\$15 and C\$17 a share. Even that would indicate a modest price-earnings

The offer documents are expected within the next two or three months US, Japanese and European investment firms will participate in the selling groups. Though jet fuel prices have risen nearly 10 per cent in the past few months, chances of an economic reces-sion look slim.

The sale will not have the drama of a British Airways privatisation, but it will be one of Canada's largest ever

Volvo's Dutch associate doubles profits to Fl 52m

By Kevin Done, Motor Industry Correspondent

its last year to FI 51.9m (\$23.1m) from FI 20.1m a year

Volvo BV made heavy losses from the mid-1970s to the early 1980s, but it has been in profit since 1983, and has improved its profitability in the last two

Operating profits jumped last year to Fl 74.8m from Fl 31m in 1987, despite an increase of only 2.7 per cent in turnover to Fl 2.58bn from Fl 2.58bn from Fi 2.51bn a year earlier. Car output fell slightly to 120,000 from 125,000 in 1987

after the introduction last autumn of the new Volvo 440 series, which caused a fall in series, which caused a fall in sales of the existing 300 series.

Volvo Car said that the downturn was smaller than bridgeted, chiefly dra to increased Volvo 300 sales in the UK and Spain.

Volvo Car is 30 per cent owned by Volvo of Swedan, and 70 per cent owned by

and 70 per cent owned by Dutch state interests comprising the National Investment Bank (49 per cent), DSM, the majority state-owned chemi-cals group (18 per cent), and industriebank (8 per cent). The improvement in profits

was belped by decreasing development costs and capital

YOLVO Car BV, the 30 per cent owned Dutch associate of the Swedish automotive group, more than doubled its net profdevelopment programme. Investments last year fell by Fl 45.7m to Fl 241m, while development costs dropped to Fl 129.6m from Fl 155.9m a year

The 440 series is the company's first volume range of from wheel-drive cars, which it hopes will boost sales and production by nearly 30 per cent over the next two years.

The 440 range has taken the company into the npper medium segment of the West Suropean car market for the first time against well-en-trenched competitors such as the Ford Sierra, the Vauxhall Cavalier/Opel Vectra, the Ren-ault 21, the Audi 80 and the

Volkswagen Passat, Volvo Car developed the 400 series at a cost of around

The company said that it expected "the favourable profit trend" to continue this year.

The UK is now Volvo Car BV's largest single market. It accounted for 32 per cent of turnover last year compared with 25 per cent in 1927. The with 26 per cent in 1987. The Netherlands accounted for only 21 per cent compared with 30 per cent in 1987, because of the overall fall in Dutch new car-registrations and reduceddemand for the 300 series

Thomson-CSF selects Motorola's Risc chip

THOMSON-CSF of France, a leading group in military elec-tronics systems, is to standar-dise its military and defence computer products on Moto-rola's 88000 reduced instruction set computer (Risc) micropro-

cessor chips.

Motorola, the US's largest semiconductor producer, has also granted Thomson-CSF rights to produce and sell a militarised version of the 88000 for the defence and space mar-

Motorola indicated that other computer systems com-panies will endorse the 88000 in

the next few weeks.

Mr Jim Norling, executive vice-president and general manager of Motorola's Semi-conductor Products Sector. said: "Our partnership with Thomson-CSF expands our position in the European Risc market."

Thomson-CSF's endorsement of the 68000 represents an important boost for Motorola in the highly competitive Risc microprocessor market. More than 50 companies are design-ing products based on the 88000, and more than 200 are evaluating the microprocessor, Motorola claimed.

• Motorola also said that the US International Trade Commission has voted to investi-gate its cellular telephoue patent infringement complaint against Nokia, Tandy and related companies, Reuter

reports.

Motorola filed a complaint last month with the ITC, seek-ing to stop imports into the US and sales of portable and mobile cellular radio tele-phones that infringe Motorola

The company said it had asked the agency to issue orders to stop Nokia and Tandy from importing cellular radio phones, primarily from South Korea, that Motorola claims infringe seven patents.
The ITC is expected to hold preliminary hearings in July and others in December.

CP revalues property side

By Robert Gibbens

CANADIAN PACIFIC has updated the valuation of its enormous property portfolio to well over C\$5bn (US\$4.2bn) and is believed to be ready to put these assets into a separate public company or combine

them with another real estate

group. CP's Marathou Realty subsidiary has long been regarded as a sleeping glant. CP has also been criticised for tardy development of railway properties.

California insurers retreat on Prop 103

By Louise Kehoe in San Francisco

THE ASSOCIATION of threat of insolvency before california insurance Companies is not to appeal against Under Proposition 103, casunies is not to appeal against the California Supreme Court's decision to implement most of Proposition 103, the insurance rate-cutting measure passed by voters in November. Individual insurance compa-

nies and the industry group had appealed to the State Supreme Court to rule Proposition 103 unconstitutional, claiming its effects were "con-fiscatory." The court ruled against the insurers but modified the ballot measure to allow insurers to earn a "fair

Mr Edward Levy, general manager of the industry group, said: "The Supreme Court essentially rewrote Prop 103 to provide that insurance companies are entitled to fair and reasonable rates, instead of having to show a 'substantial .

alty and property insurancers must reduce premiums to 20 per cent below 1987 levels unless they can prove that the reductions would deny them a

fair return. Most of the state's insurers are expected to apply for exemption from the rate cuts, and will be considered on a "company by company basis," said Ms Rozani Gillespie, State Insurance Commissioner, last

"After reviewing the court's decision we have concluded that an appeal is not the best course for us," the industry

group said. "We will be working with the California Insurance Department and the legislature to implement Prop 103 in an efficient and reasonable man-

ner. In addition, we are meeting with legislators, consumers and community groups to develop ways to reduce the cost of providing insurance, so that rate reductions can become a reality." The insurance industry

plans a nationwide publicity campaign aimed at defeating measures similar to Proposition 103 in other states. The theme outlined by the industry representative is that Proposi-tion 103 does not address any of the underlying causes of high insurance rates such as high hospital and medical costs, high auto repair costs or rising legal costs.

"Our decision not to appeal does not affect the rights of any insurance company to appeal. However, we know of no such appeals that are being planned at this time," said the

SIEMENS

Information for Siemens shareholders

Business remains buoyant

In the first six months of the current financial year, (1 October 1988 to 31 March 1989) the positive trend of previous months has continued. International business again recorded high

growth rates and the business recovery in Germany has gained strength. In the same period last year, German markets were still affected by the generally sluggish state of the economy.

New orders

Siemens, comprising Siemens AG and its consolidated German and international companies, booked new orders of £9,981m during the first six months, a 16% gain from £8,620m in the same period last year, international orders climbed 11% to £5,553m from the previous year's £4,998m. New orders placed in Germany advanced strongly to £4,428m, 22% up on last year's £3,622m, which reflected the weaker German economy at that time. Businesses with above-average growth

rates were Telecommunication Networks and Security Systems, and Semiconductors. The overall figures for the first half of the year were also affected by a rush of major orders. We expect growth rates to weaken later in the year.

in £m	1/10/87 to 31/3/88	1/10/88 to 31/3/89	Change		
New orders	8,620	9,981	+16%		
German business	3,622	4,428	+22%		
International business	4,998	5,553	+11%		

Sales

Slemens' worldwide sales at £8,239m, advanced 11 % from £7,410m last year. While International sales climbed 17% to £4,748m from £4;067m a year earlier; sales in Germany gained 4% to £3,491m from £3,343m. The growth in international business is partly due to the inclusion of Siemens-Bendix Automotive Electronics for the first time. The Semiconductor business recorded a sales leap of almost 60% to over £300m. Higher sales in the KWU group were mainly due to the final billing of

the Trillo 1 power station in Spain. We foresee only a slight rise in total sales for the full year, with one large German power station scheduled for billing in the second half, compared with two in the same period last year.

in Em	1/10/87 to 31/3/88	1/10/88 to 31/3/89	Change
Sales	7,410	8,239	+11%
German business	3,343	3,491	+ 4%
International business	4,067	4,748	+17%

Employees

Siemens had 363;000 employees (excluding trainees and student workers) worldwide at the end of March 1989: this is an increase of around 10,000 on the previous year-end (30 September 1988). This increase, both in Germany and abroad, was a result of acquisitions and hining in some divisions to cater for larger order volumes. Employment costs increased 7% to £3,863m, compared with £3,596m last year.

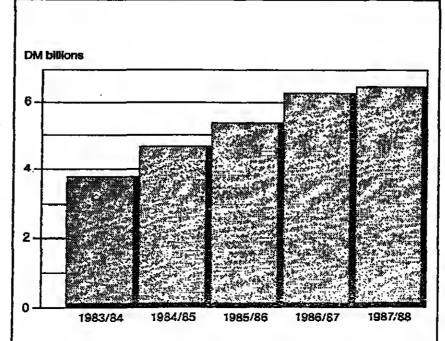
in thousands	30/9/88	31/3/89	Change
Employees	353	363	+ 3%
German operations	223	227	+ 2%
International operations	130	136	+ 5%
in Em	1/10/87 to 31/3/88	1/10/88 to 31/3/89	Change
Employment costs	3,596	3,863	+ 7%

Capital spending and net income

In March, Siemens acquired a majority interest in a French company, IN 2 S.A., based at Plaisir near Paris, which specializes in medium-sized data systems. Siemens' total capital spending increased by 19% to £726m from £612m last year. Net income rose 8% to £204m, compared with £188m during the same period last

In Sm	1/10/87 to 31/3/88	1/10/88 to 31/3/89	Change
Capital expenditure and investment	612	726	+19%
Net income after taxes	188	204	+ 8%

All amounts translated at Frankfurt middle rate on 31/3/1989; £1 = OM 3.196.



Research and Development for Future Growth

The market for electronic and electrical products, in which Slemens is a major player, will continue to exhibit strong growth. This dynamism is driven by numerous technological innovations, which appear at ever shorter intervala. The accelerated pace of innovation means higher development costs for each successive product generation. In this harsh environment only companies that make substantial investments in research and development can hope to survive and prosper. Slemens, whose R&D spending amounted to DM 6.5 billion in the 1987/68 financial year, has the largest R&D budget of any company in Europe. Around 96 per cent of these funda are generated internally, government research grants account for only 4 per cent of our outlay on R&D.

Siemens AG

In Great Britain: Siemens plc Siemens House, Windmill Road. Sunbury-on-Tharnes, Middlesex, TW16 7HS

INTERNATIONAL COMPANIES AND FINANCE

JAPANESE COMPANY RESULTS Mazda shows 90% interim gain to Y7bn net

By Stefan Wagstyl in Tokyo MAZDA MOTOR, the Japanese

car maker which is closely affiliated to Ford of the US, yesterday reported a sharp increase in interim profits due to strong sales at home and

However, the company warned that successive new model introduction by many manufacturers in Japan and overseas aggravated severe competition in the auto indus-

HANWA, THE Japanese steel trading company which has

made a fortune from aggressive investment in financial

markets, yesterday reported a 16 per cent increase in pre-tax profits to Y31.3bn (\$220.8m) due largely to higher investment

Mr Shigeru Kita, the compa-ny's president, is known as the

god of zaitech, or financial engineering, in recognition of his investment skills. Recently

the company has been exploit-

ing the gap in interest rates between commercial paper

By Stefan Wagstyl

Zaitech skills help

Hanwa rise by 16%

months to March as it is changing the date of its yearend. Comparisons are with the six-month period to the end of

In the five months, pre-tax profits rose to Y17.4bn (\$122.8m), or 93.3 per cent higher than in the comparable six months last year. Net income was 89.8 per cent higher at Y7.0bn. Sales rose 9.6 per cent to Y784.9bn.

The company said the martry."

The company said the market was strong although in
company results for the five

Japan the introduction of tax

(where rates are very low) and short-term deposits.

By deluging the market with paper, Hanwa at the end of April accounted for Y1,670bn of the commercial paper in issue, or 17 per cent of the market.

Reporting parent company results for the year to March, Hanwa said sales were 9.7 per cent higher at Y663.5hn. Net profit was Y16.7hn (Y11.1bn)

and the dividend Y12 (Y11.5). The company forecasts for the coming year sales of Y710bn and pre-tax profits of Y39bn. changes on April I this year persuaded many potential buy-ers to postpone their pur-

Mazda said it redoubled efforts to enrich its model line-up and cut costs. Unit sales in the five months were 486,739 vehicles, only 0.9 per cent fewer than in the comparable six months. Vehicle exports fell 5.5 per cent but overall exports rose 5.6 per cent to Y490bn due to

increased sales of parts. Exports were 62.5 per cent of Mitsui's chemicals arm ahead

By Robert Thomson

MITSUI PETROCHEMICAL, a member of the Mitsui group of Japan, has reported a 75.7 per cent increase in annual pre-tax profit to Y32.3bn (\$227.9m)

profit to Y32.3bn (\$227.9m) after continuing growth in sales of synthetic resins and petrochemical products.

Production cuts in developed countries in recent years and strong domestic demand have created a tightness in the petrochemical market, and Mitsui and other Japanese petrochemical companies have attempted to increase profitability by reducing their debts.

The company's sales last year were Y262.19hm, up 12.8 per cent, and they are expec-ted to rise to Y283bn this year, producing a pre-tax profit of

around Y33bn. Mitsubishi Petrochemical, Mitsubishi Petrochemical, the petrochemical company jointly established by the Mitsubishi and Shell groups, amounced a pre-tax profit of Y13.9 bn for arregular three-month fiscal material, period ended in March.

In this full year, pre-tax profit is expected to reach Y54bn on sales of Y360bn. Profits will be influenced by fluctuations in the price of reputts the price of reputts. naphtha, the primary raw material, as about 75 per cent of Japanese stocks are

imported.

• Mitsubishi Chemical, an integrated chemical company which is part of the Mitsubishi which is part of the Mitsubishi group, reported pre-tax profits of Y18.77bn for a six-month period to start a new financial year ending in March.

Sales were Y346.3bd, up 5.1 per cent on annualised basis, with demand for polyethelene and petrochemicals basyant.

years.
For the current year Mazda forecast sales of Y1,940bm, up from Y1,844bm, and pre-tax profits of Y24bn, against Y15.1bn

• Yamaha Motor, the second largest Japanese motorcycle maker, yesterday reported a 19.8 per cent increase in annual pre-tax profits to Y5.8bn due to a sharp increase in sales of engines to Toyota Motor and to Ford. In the year to the end of

total sales, similar to previous sales rose 12 per cent to Y391bn. Motorcycle sales, v39tbn. Motorcycle sales, which account for about 40 per cent of the total, rose by only 3 per cent due to a decline in domestic sales. The overall increase in turnover was caused by a 45.7 per cent rise in automobile engine sales, as well as increases in marine engines and boats.

engines and boats. For the current year, Yamaha forecasts sales of Y465bm and pre-tax profits of

JVC trims costs to lift net profit 67%

By Robert Thomson

VICTOR COMPANY of Japan (JVC), the consumer audio and video equipment maker, showed a 67 per cent increase in annual consolidated net profit to Y15.02bn (\$106m) after growth in sales of its main-stream products and a success-ful trimming of production costs.

The group recorded a 14 per cent increase in sales to Y820.5hn, and expects that the effects of a cost reduction programme, similar to those adopted by other companies in the industry, will improve prof-itability slightly in the first half this year, despite currency, finctuations and lower product

Exports last year rose 17 per cent, while in the second half there was a 1 per cent fall in the value of domestic sales, which accounted for 51 per cent of total revenue.

Domestic sales were affected by strong competition in the consumer electronics sector, and, the introduction earlier this year of a consumption tax, which resulted in a general

which resulted in a general downturn in purchases.
Sales of video and related equipment rose by 14 per cent and audio equipment by 16 per cent. Television sales increased by 11 per cent, information equipment by 13 per cent, and records and music tapes by 14 per cent.

per cent.

The company said it intends to continue a policy of releasing more products with higher added value and of attempting to expand sales in the professional audio and video equiparts.

On a parent company basis, pre-tax profits were Y10.60bn compared with Y10.49bn, on sales of Y312.91bn against Y308.92bn.

Domestic demand buoys Japanese printing duo

By Stefan Wagstyl

DAI NIPPON PRINTING and bigher at Y906.6bm.
Toppan Printing, Japan's two largest printing companies, have reported sharp increases in annual sales and profits.

At Toppan, pre-tax profits the At Toppan, pre-tax profits the At Toppan, pre-tax profits. Toppan Printing, Japan's two largest printing companies, have reported sharp increases in annual sales and profits because of strong domestic

Both companies have been expanding rapidly into fast-growing electronics related. printing including integrated

circuit cards.

The two groups reported parent company profits for the year to the end of March.

Dal Nippon posted a 30.5 per

rose by 49.3 per cent to 751.8bn on sales 32 per cent higher at Y734.0bn. Net profits were Y24.7bn (Y17.0bn) and the dividend was raised to Y10 (Y7.5). Both companies forecast strong growth in the current

Dei Nippon forecasts sales of year to the end of March.

Year to the end of Ma

Morinaga up 87% before tax

Japan'a leading confectioners, recorded an 87 per cent increase in pre-tax profits in the year to March to Y3.20bu (\$22.6m), AP-DJ reports from

Tokyo.

Sales rose 6.1 per cent to
Y125.7bn. Net income, however, fell 40.2 per cent to
Y4.19bn, attributed by a Morinaga official to unusual losses
connected with the disposel of connected with the disposal of factory property.

one-time event. Otherwise, the gain in pre-tax profits was tied to healthy

The company predicted that in the current year sales would move higher to Y135hn, with pre-tax profit of Y3.8bn and net income at Yl.8bn.

• Meiji Milk Products, Japan's second largest maker of dairy products, edged up

MORINAGA & CO. one of He termed the adjustment a pre-tax earnings in its March year by 1.9 per cent to Y6.88bn due partly to growing milk consumption.

Because of a drop in taxes, net profits climbed 13.7 per cent to Y2.84bn on revenue totalling Y374.5bn, up 3.8 per

For the current year Meiji Milk sees sales rising to about Y388hn, with profits of Y7.1bn at the pre-tax level and Y2.9bn

Goodman to sell **Henry Jones** jams offshoot

By Our Financial Staff

GOODMAN FIELDER Wattie, the Australasian foods group whose bid battle with Ranks Hovis McDougall of the UK
was terminated this week, is to
sell its Henry Jones conserve
business to J.M. Smucker, the biggest jams producer in the

Although no price was dis-closed, Goodman said Henry Jones had annual turnover of A\$25m (US\$18.6m). It makes honey as well as fruit pre-serves, some of which are sold under the IXL brand. The unit was formerly owned by Elders IXI. The Ohio-based Smucker, with annual sales of more than US\$300m, markets under its own name and others including Dickinson's and Goober Jelly. A year ago it bought Eisenham Quality Foods from Whitbread of the UK.

Allied expects difficult year By Jim Jones

ALLIED GROUP, the South African building society and financial services company. suffered from narrower margins during the year to March as emphasis was placed on acquiring market share.

The directors say competition was particularly effectives.

tion was particularly stiff in mortgage lending but that Allied decided not to allow its share of the market to fall. The directors expect the present year to be difficult.

Advances rose to R6.92bn (\$2.49bn) from R5.67bn and total assets increased to R8.55bn from R7.08bn. Interest income rose to R1.23bn from R884m but the pre-tax profit was cut to R72.0m from

News Corp cuts stake in Australian TV network

NEWS CORPORATION, Mr Rupert Murdoch's Australia-based international media com-pany, has reduced its holding in an Australian television net-work to meet media cross-own-ership requirements, AP-DJ research from Sydney.

reports from Sydney.
It sold 22.75m shares in
Northern Star Holdings for
A\$34.4m (US\$25.5m) to Daily
Mail & General Trust, which
controls Britain's Associated MCA of the US has an option

Daily Mail & General also sold some Northern Star shares, but as a result of the transactions, its holding in the network rises to 14.5 per cent from about 10 per cent, Northern Star said.

to buy 10 per cent of Northern

News Corp sold the Northern
Star shares for A\$1.51 each,
compared with Monday's closing market price of A\$1.10.

Mr Murdoch had to reduce
his holding in the television
network under government
requirements. News Corp is
Australia's biggest newspaper
publisher.



JARDINE STRATEGIC HOLDINGS LIMITED Incorporated in Bermuda with Ibrited bal

NOTICE to holders of Convertible Canualative Preference Shares (the "Preference Shares") of Jardine Strategic Holdings Limited (the "Company") and holders of International Depository Receipts ("IDRs") issued by Banque Indoncer Luxembourg in respect of Freference Shares.

NOTICE is hereby given that pursuant to resolutions passed at a Special General Meeting of the Company and at a separate General Meeting of the holders of the Preference Shares on 23rd May, 1989, the issued thate capital of the Company was reduced by reducing the par value of the 200,000 Preference Shares then in issue from USSL000 to USSS00 each. Accordingly, IDRs issued in respect of Preference Shares of USSL000 each will thereafter represent Preference Shares of USSL000 each. Holdern of Preference Shares in definitive form and bodden of IDRs should present, before 24th June, 1989, their share certificates or IDRs to the offices of Banque Indosuez Lumembourg (the "Depository") or the Agents stated below for overstamping to reflect the ahered par value of their shares or replacement of their IDR certificates, as appropriate, in each case free of charge.

By Order of the Board

JARDINE STRATEGIC HOLDINGS LIMITED

By Order of the Board BANQUE INDOSUEZ LUXEMBOURG

24th May, 1989

None: The Depositury's address is at 39 Alkie Scheffer, L-2520, Eusemb The Agents are Cridit Suisse of Poradeplaz 8, CH-8001, Zurich.

Inter !! Forward

Inter Forward AB a subsidiary of Förvaltnings AB RATOS

has acquired

Züst & Bachmaier AG

On behalf of Inter Forward AB the undersigned developed the acquisition strategy, approached the seller, valued the company and assisted in negotiating and closing the transaction.

BOOZ-ALLEN ACQUISITION SERVICES BOOZ-ALLEN & HAMILTON INC.

April 1989

All of these Securities have been sold. This announcement appears as a matter of record only.

36,000,000 Ordinary Shares

Pacific Dunlop Limited

Global Coordinator:

MORGAN STANLEY & CO.

4,000,000 American Depositary Shares Representing 16,000,000 Ordinary Shares

This portion of the offering was offered in the United States by the undersigned.

MORGAN STANLEY & CO.

MERRILL LYNCH CAPITAL MARKETS

ALEX. BROWN & SONS

DILLON, READ & CO. INC.

GOLDMAN, SACHS & CO.

CAZENOVE & CO.

NOMURA INTERNATIONAL

MONTGOMERY SECURITIES

DEAN WITTER REYNOLDS INC.

ROBERTSON, STEPHENS & COMPANY

SMITH BARNEY, HARRIS UPHAM & CO.

Contract to the first the water of the test of

BEAR, STEARNS & CO. INC. THE FIRST BOSTON CORPORATION DONALDSON, LUFKIN & JENRETTE DREXEL BURNHAM LAMBERT A. G. EDWARDS & SONS, INC. KIDDER, PEABODY & CO. HAMBRECHT & QUIST

PAINEWEBBER INCORPORATED

SALOMON BROTHERS INC

S.G. WARBURG SECURITIES

LAZARD FRERES & CO.

PRUDENTIAL-BACHE CAPITAL FUNDING

SHEARSON LEHMAN HUTTON INC.

WERTHEIM SCHRODER & CO.

11,000,000 Ordinary Shares

This portion of the offering was offered outside the United States, Australia and New Zealand by the undersigned. MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON

BANQUE BRUXELLES LAMBERT S.A. BANQUE INDOSUEZ DEUTSCHE BANK Aktiengesellschaft DRESDNER BANK

BNP CAPITAL MARKETS LIMITED MERRILL LYNCH INTERNATIONAL LIMITED SALOMON BROTHERS INTERNATIONAL Limited

RBC DOMINION SECURITIES INTERNATIONAL

UBS PHILLIPS & DREW SECURITIES LIMITED

9,000,000 Ordinary Shares

This portion of the offering was offered in Australia and New Zealand by the undersigned.

POTTER PARTNERS UNDERWRITING LIMITED

E.L. & C. BAILLIEU LIMITED

May 17, 1989

POTTER PARTNERS

SWISS BANK CORPORATION

INTERNATIONAL CAPITAL MARKETS

Autostrade raising Ecu150m in 10-year loan

By Stephen Fictor AUTOSTRADE, the Italian state motorway concern, is raising Ecul50m in the inter-national markets through a 10-year loan to be arranged by Banco di Roma.

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774 775 775 775 775

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Banco di Roma.

The loan, guaranteed by italstat, part of IRI, the state industrial holding concern, carries an interest margin of 182, basis points over London interbank offered rates for the first two years, and 20 basis points over the remaindar.

Repayment will be in eight semi-annual instalments starting 78 months after the signing. Front-end fees range down from 15 basis points.

The Kingdom of Thalland has announced a long-awaited Eurocommercial paper programme which has been arranged by J.P. Morgan Securities. Other dealers on the \$300m programme are Credit Sulsse First Boston, Daiwa International.

Japan to open... up fund

management

JAPAN IS expected to allow foreign fund management companies to enter the invest-ment trust management industry by the end of the year, according to a Finance Minis-try study, Reuter reports. The move would be simed

partly at encouraging compet-tion in the Y54,000bn (\$380bn) market. Close initial scrutiny of each candidate would be needed to protect investors, the MoF said.

Shearson Lehman Hutton Asset Management, S.G. War-burg Group, Credit Suisse Investment Advisory and Parl-bas Asset Management Japan are among firms thought to be seeking entrance to the mar-

The report opposed the entrance of domestic financial institutions into the fund management business, saying their stock holdings could lead to conflicts of interest.

It suggested the MoF should It suggested the MoF should wait to make a final decision until debates within other ministerial panels on the abolition of divisions between the banking and securities industries were resolved.

The MoF is also considering abolishing its guideline that foreign securities firms in Japan should keep their total debts at a maximum of five

debts at a maximum of five times owned capital. The move is in line with the

introduction of capital adequacy rules for resident securi-ties houses, expected to take effect in early 1990.

The MoF is expected to announce a decision by mid-

Brierley to float Air NZ stake by October

THE VIOTATION of 30 per cent of Air New Zealand is expected to be completed by October this year, Brierley Investments amounced yesterday, AP-DJ reports. It will be the first big public share issue in Wellington since late 1987. Brierley, the New Zealand finance and investment group headed by Sir Ron Brierley, named Ord O-Connor Grieve, the Wellington broker, as lead manager to the issue. Westpac Banking will be lead underwriter. Co-managers for the placement will be lead undergan NZ and Buttle Wilson.

About 70m shares will be issued to the public, with a October this year, Brierley

About 70m snares will be issued to the public, with a further 14m shares allocated to management and staff.

Brierley gave the New Zealand Government an undertaking to sell 30 per cent of Air NZ when it acquired a 65 per cent stake earlier this year.

Brierley was part of a consor-Brierley was part of a consortium comprising Quatas, the Australian airline, which holds 19.9 per cent of Air NZ, Japan Air Lines and American Airlines, which each hold 7.5 per cent

per cent
Mr Bob Matthew, head of
Brierley's New Zeniand
operations, said the underwrit-

operations, said the underwriting and management team would begin working immediately through the complex planning and implementation stages of the placement.

He said he expected to see the shares placed and publicly listed well before the end of the year, hopefully by October. The aim was to achieve an initial base of more than 30,000 individual shareholders for Air NZ, he said.

Air NZ, he said. No price for the issue was given. The Brierley consortium paid the New Zealand Government NZ\$660m. (US\$392.8m) for the 280m. shares. Under the terms of purchase Evierley agreed not to make any profit on the eventual resals of the 30 per

cent share block. The airline was privatised by the New Zealand Government as part of an extensive programme of selling state-owned assets to repay debt.

Austrian bank surprises with Eurosterling issue

TO THE AMAZEMENT of ing activity out of older threesyndicate managers, the Euros-terling sector was tapped yes-terday when Warburg Securi-ties was the lead manager of a £100m issue for Oesterrei-chische Kontrolibank, the Aus-trian bank.

There was criticism of the timing of the deal, which came during a period of sterling weakness and ahead of UK during a period of sterling weakness and ahead of UK trade figures tomorrow. European investors were said to be worried about 'UK inflation, while the starp fall of sterling against the D-Mark had made them extremely wary of the UK currency. The OKB three-year bonds came with a 12 per cent coupon and were priced at 100% to yield 57 basis points over the equivalent UK government issue.

The lead manager was quoting the paper late in the day at less 1% bid, just inside underwriting fees of 1% per cent. However, the open market price was less 1% bid, smid comment that continental demand was not forthcoming. The lead manager said demand was expected from UK institutions as well as central banks.

New issue traders praised the deal certing the design of the deal certing the deal cer

New issue traders praised the pricing of the deal, saying it offered an attractive yield pick-up for domestic institu-tions. There was some switch-

year sterling paper. Warburg was also praised for its decision to reduce the praecipuum, the portion of management fees taken by the lead manager, to it from the normal % point. "We see this as the

INTERNATIONAL BONDS

level the market will accept at the moment," a Warburg offi-cial said.

The OKB deal was swapped. although the lead manager refused to comment. It is understood that Norinchukin was the swap counterparty in what was described as a complex transaction. Norinchukin was also the swap counterparty to Monday's Austrie \$100m deal brought by Merrill Lynch

Lynch.

A Norinchukin official said it had been difficult to achieve it had been difficult to achieve the borrower's funding target using ordinary swaps, and that a complicated deal involving several participants had been necessary. However, the official declined to describe the swan in more detail. swap in more detail.

Traders speculated that the issue proceeds had been partly swapped into D-Marks, and that a further swap into yen

was the key to achieving the funding target, thought to be around 40/45 basis points below dollar Libor. A straight swap would only have achieved around 25 basis points below Libor af yesterday's rates.

Late in the day, Goldman Sachs brought an oil-linked

\$100m tap deal for Union Bank of Finland, with an initial \$50m tranche. The three-year bonds are priced at 101% and have the yield characteristics of a floating-rate note issue, with a semi-annual conpon with a semi-annual coupon linked to oil prices. The principal will be redeemed at par.

In Germany yesterday, prices rose around 30 pfennigs amid short-covering, helped by the stabilisation of the US dollar effort the recent rice.

lar after its recent rise. Among new issues, DG Bank was the lead manager of a DM200m eight-year deal for National Bank of Hungary which came with an 8 per cent coupon and was priced at par.

The last two issues by the same borrower had coupons of 6% per cent.

The deal had an average reception, trading on fees at less 2% hid early on, before slipping just outside fees in later trading. At less 2%, the bonds yield 8.44 per cent, an attractive pick-up over domes-tic bonds for retail investors.

Borrower	- Amount ca.	Coupon %	Price	Materity		Book repoer
US DOLLARS						
Inion Bank of Finland(c)	50	113,	1013	1982	13/3	Goldman Sachs Int.
Press Kogyo Co.	. 100	(412)	100	1983	21/11/2	Nomura Int.
Selica Corp.	60 -	(5)	100	1993	24/12	Dalwa Europe
Engle(d)‡◆	45	22hp	100.10	1996	10/6bp	Yasuda 7rust (Europa)
TERLING						T 44
Dest. Kontrolfbank(s) .	100	12	100%	1992	15/3	Warburg Securities
D-MARKS						
Vetional Bic of Hungary(a)	200 "	8	100	1997	24/14	DG Bank
Eurofima(e) 🍁	160	es.	1014.	1993	14/3	Deutsche Bank
ΠΚ Co.(a) + + +	50	712	10112	1994	15/14	IBJ (Germany)
AMESH KRONER	1					
Commerzbank O'seas Fin.(a)	200	Zero .	70%	. 1983,	19/3	Privathanken
ESETAS						
38(a)◆ -	10bn	12.20	100	1994	154/1 ·	B.Santander de Negocios
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Den Danske Bank(b) 🏶	Sbn	7	101 5	1993	15/15	Nippon Credit Int.
rxPrivate placement. •Final ter	me. With eq	ulty warrants	#Floating	rate notes.	a) Non-ce	liable, b) Redemption link
likkel stock Index, c) First coupor	113 %. auto	equent counc	od Ithe Ro	linked throu	on a form	uta to US ewest crude of
Additional \$50m on tap. d) 22bp o		then Comme	4 6 0534		-41 !!-	these Course sald by D. S.

Den Danesce Bank(b)	500		101-4 1500 1-311	4 repport Creature
				-callable, b) Redemption linked to
Mikkel stock Index, c	First coupon 114 %, subse	quent coupor	as will be linked through a fo	emula to US ewest crude oil price.
Additional \$50m on t	ap. d) 22bp over 6-month Li	bor, Secured	by SEK Euro-yen bonds. e)	Unilsted, Coupon paid in D-Maries,
Borrower option to r	spay principal in either D-I	Marks or USS	at strike price, of DM1.80.	
	FT INTERN	ATION	al bond serv	ICE
		711010	THE POLICE OF IT	
			ALL A TON AND AND	
	International bonds for wh	ich there is a	in adequate secondary marki	
				Closing prices on May 23
US BOLLAR .	Chang			Change as
STRAIGHTS		week Ylete	YEN STRAIGHTS	hand Sid Offer thy week Yield
Alberta 93: 95	600 1004 101 +03		Caracta 64 91	
Austria 93- 93	150 934 944 +0	101 049	Canada 5 1995	
BECE OLOS	150 994 1004 +01		E. B. 43 93	
B.F.C.E. 792 B.F.C.E. 94 95 Brit. Tel. Fla. 94 98	250 100 1007 +01		Ireland 51 93	
Campbell Soup 94, 93	100 71984 984 401	+14 9.53	Norway 51, 95	50 994 100-04-04 5.15
Canada 9 96	1000 1014 1014 +05	#14 8.71.	. Sweden 45, 93.	. 50 974 974 -04 -04 5.27
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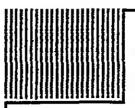
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| International Content | Inte

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kaca Bank 24 02 US	4/87	967.	123	124	-04	4.5
5 92 OM	+12/83	472.7	26472	265%	-0%	4.3
ter. 502 US	14/87	200.	100-5	101 %	+01	20
nerica 51 02 US	4/87	66.75	663	671	+01-	106.3
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Grace 64, 02 US	9/87	42.12	915	955	+012	20.5

No information available-previous day's price 3 Only one market maker supplied a price

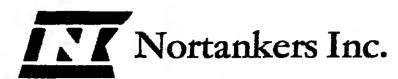
traight Bonds: The yield is the yield to radengtion of the mid-orise; the amount issued is la millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a



This announcement constitutes neither an offer to sell nor a solicitation of an offer to buy these securities. The offering is made only by the Prospectus, copies of which may be obtained in any jurisdiction from such of the undersigned and others as may lawfully offer these securities in such

May 18, 1989

5,280,000 Shares



Common Stock

Price \$15 per Share

4,280,000 Shares

This portion of the offering is being made in the United States by the undersigned.

Smith Barney, Harris Upham & Co.

Mabon, Nugent & Co.

Bateman Eichler, Hill Richards

Blunt Ellis & Loewi

Boettcher & Company, Inc.

Cowen & Co.

Dain Bosworth

First Albany Corporation

Furman Selz Mager Dietz & Birney

Gulfstream Financial Associates

Ladenburg, Thalmann & Co. Inc.

Legg Mason Wood Walker McDonald & Company

Neuberger & Berman

Piper, Jaffray & Hopwood

Stifel, Nicolaus & Company

Raymond James & Associates, Inc.

The Robinson-Humphrey Company, Inc.

Wheat, First Securities, Inc.

1,000,000 Shares

This portion of the offering is being made outside the United States by the undersigned.

Smith Barney, Harris Upham & Co.

Mabon Nugent International

Amsterdam-Rotterdam Bank N.V.

Banque Paribas Capital Markets Limited

C-L Alexanders Laing & Cruickshank

Compagnie de Banque et d'Investissements, CBI

IMI Capital Markets (UK) Ltd. Nomura International plc J. Henry Schroder Wagg & Co.

Swiss Bank Corporation
Investment banking

Vereins- und Westbank

UBS Phillips and Drew Securities Limited Yamaichi International (Europe) Limited

Halifax Building Society

Floating Rate Loan Notes 1996 For the three month period from 23rd May, 1989 to 23rd August, 1989 the Notes will bear interest at the rate of 13% per cent. per anum. The Coupon amounts will be £168.56 per £5,000 Note and £1,685.62 per £50,000 Note. payable on 23rd August, 1989.

Morgan Grenfell & Co. Limited

ANSETT AIRCRAFT FINANCE LTD UP TO USD 185.090.000

The interest emount payable on the relevant interest payable idea June 20th, 1965 will be USD 90,41 per USD 10,000 demonstration and USD 482,03 per USD 80,000 denomination.

The Fiscal Agent BANQUE NATIONALE DE PARIS

Caisse Centrale de Cooperation Economique ECU 200,000,000 Floating Rate Notes due 2006 and 200,000 warrants to subscribe up to ECU 200,000,000 7.50% guaranteed notes

due 2006

For the period from May 24, 1989 to August 24, 1996 the notes will carry an Interest rate of 9½% per sanson with an interest amount of ECU 231.50 per ECU 10,000 note and of ECU 2,315.97 per ECU 100,000 notes.

HMC MORTGAGE NOTES 2 PLC £175,000,000 Class A £14,000,000 Class B Mortgage Backed

Floating Rate Notes Due February 2015 For the interest period 23rd May, 1989 to 23rd August, 1989 the Class A Notes will bear interest at 13.60% per annum. Interest payable on 23rd August, 1989 will amount to £3,477.95 per £100,000

Note. The Class B Notes will bear

interest at 14.60% per annum. Interest payable on 23rd August, 1989 will amount to £515,200.00 per £14,000,000 principal amount. Agent Bank: Morgan Goarnety Trust Company of New York London

MANUFACTURERS HANOVER TRUST COMPANY E75,000,000

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the interest Period 23rd May 1989 to 23rd August 1989 has been fixed at 19½ per cent per annum. The Coupon Amounts will be £167.77 for the £5,000 denomination and £1,677.44 for the £59,000 denomination and will be payable on 23rd August 1989 against surrender of Coupon No 19.

Lignerischurers Henover Limited (a Member of the Securities Agent Bank

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MICROGNOSIS

INTERNATIONAL CAPITAL MARKETS

goods orders surge ahead

By Karen Zagor in New York and Katharine Campbell in London

US TREASURY bonds slipped slightly yesterday morning on the back of an unexpected jump in April's durable goods orders and a slightly weakened

At mldday the Treasury's benchmark 30-year long bond

GOVERNMENT BONDS

was 102½, down a and yielding

8.61 per cent. The dollar started the day in New York on a weaker note at Y141.48 and DM2.0042 after trading as high as Y143.10 and DM2.0285 overnight in Tokyo. The release of the durable goods data had little impact on the US currency, which was trading at Y141.65 and DM2.0046 in the early after-

Analysts bad expected April's new factory orders for durable goods to rise by about 0.5 per cent from March. The actual increase of 2.9 per cent was spread throughout industrial categories, rather than being concentrated in one or

Excluding the transportation sector, which is considered the most erratic, durable goods orders rose 3.9 per cent after falling 2.6 per cent the previous month. This is the largest gain since April 1987, when durable goods excluding transportation

rose 4.8 per cent.
The figures are generally considered unreliable as economic indicators since they are subject to wide fluctuation, However, the breadth and size

Yielda: Local market standard

FT-SE 100 SHARE INDEXA

of April's figures do not suggest the economy is slowing. Analysts said they provided the Fed with another reason for not easing monetary policy.

The Federal Reserve again drained reserves from the banking system by conducting two-day matched Bales. The Fed funds rate was 911 per cent when the Fed entered the market and firmed slightly to 9%

per cent. The market is now looking to personal income and spending figures which are due on Friday, with increases of about 0.7 per cent for both statistical

series expected.

THE Japanese market was pay ing close attention to the dollar as it breached the Y143 level during the Tokyo day, with simmering fears of a discount rate rise further enhancing the

bearish tone. Heavy professional selling as the market opened took the yield on the No.111 benchmark bond as low as 5.46 per cent at one point, although it closed a few basis points firmer on technical factors. Turnover was high compared with the past week or two, with about Y1,500hn worth of benchmark

paper changing hands.
The June auction of new 10year paper, which bad been expected this week, is thought to have been postponed until early June, after passage of the 1989/90 budget before parlia-

ment next week.

If the much-touted discount rate increase finally occurs it is rumoured it may tomor-

BENCHMARK GOVERNMENT BONDS

		Coupon	Date	Price	Change	Yield	ego	ago
UK GILT	ŝ	13.500	9/92	106-00	-6/32	11.27	10.98	11.33
		9.750	1/98	96-08	-6/32	10.41	10.28	10.42
		9,000	10/08	96-18	-10/32	9.39	9.30	9.41
US TREA	SURY *	8.875	2/99	101-15	-7/32	8.65	8.67	8.16
		8.875	2/19	102-25	-3/32	8.61	8.85	8.99
JAPAN	No 111	4.600	6/98	95.0103	-0.028	5.42	5.37	5.28
	No 2	5.700	3/97	105.3084		5.13	5.07	5.08
GERMAN	Y	6.375	11/98	95,4500	+ 9.450	7,04	7.07	8.80
FRANCE	BTAN	8.000	1/94	96,4529	+0.109	8.64	B9.8	2.96
	OAT	8, 125	5/99	95.8300	+0.330	8.78	8.85	8.80
CANAOA	•	10.250	12/98	103.3750	+ 9.500	9.70	8.84	10.29
NETHERL	ANO5	8.7500	10/98	95,1260	+ 9.050	7.48	7.41	7.06
AUSTRAL	1A	12,000	7/99	91,0217	+9,254	13.64	13,49	13,41

Prices: U5, UK In 32nds, others in decimal **Technical OstalATLAS Price Sources**

row or Friday - dealers expect the new coupon could be as

high as 5 per cent. Short-term CD rates amply illustrated interest rate pres sures, and the three-month rate rose to 5.22 per cent yesterday after 5.06 per cent on Monday and well under 5 per cent last week.

STERLING'S dramatic drop of STERLING'S dramatic drop of about three pfennigs against the D-Mark late yeaterday shaved at least a ½ point off the long end of the UK gilt-edged securities market, in spite of the presence of the Bank of England bnying in stock from the market. stock from the market.

On Liffe, the June futures contract reached another significant level as it plummeted though 94-16 to close at 94.07, 1 of a point weaker than Mon-day's settlement. Yields on the beochmark Treasury stock 2003-2007 are now 9.91 per cent.
The currency's drop was precipitated by Mrs Thatcher's remarks to parliament on infla-tion, which were interpreted as exprassing satisfaction with current interest rate levels.

But they immediately invited currency dealers to test the government's commitment to efending sterling, making a base rate increase more likely and increasing nervousness in the gilts market.

VOLATILE trading characterised the German trading day largely as a result of what deal ers characterised as technical factors. With a cessation in the dollar's relentless advance yesterdsy morning, bond prices firmed and were around 20 pfennigs stronger at the official fixings

Futures prices dipped briefly, bowever, in the afternoon as stronger-than-expected durable goods figures out of the US suggested that any talk of lower American interest rates might be premature.

A short squeeze on Liffe in

London apparently boosted prices in the last five minutes of trading, as locals who were too short of stock to straighten their overnight positions found no bidders. Prices reportedly climbed rapidly almost 20 basis points before closing at 93.07.

Treasuries dip as durable | ICCH struggles back into fighting trim

Katharine Campbell on the drastic reorganisation at a commodities clearing house

he International Commodities Clearing House used to ba content to bask in its 100-year-old tradition of clearing commodities markets in London and around the world

But Mr Martin Eades, the new group managing director, is unimpressed with tradition. As the last piece in a ligsaw where the constituent parts have been considerably shuffled in the last 18 months, he arrives at a crucial point for the organisation.

The progenitor of commodi-ties markets in far-flung corners of the globe, and one of the ploneers of electronic futures trading systems, ICCH is now not only surrounded by fully fledged exchanges that believe they can do ICCH's job better, but it faces stiff competition from software houses offering competing trading and

management systems. This, coupled with a period of disenchantment and lack of direction after long-standing chairman Mr Ian McGaw announced bis resignation nine months before a successor was appointed, has sapped morale at ICCH's London head-

quarters. But Mr Eades, an energetic and outspoken character who boasts he knew "zero" about futures and options when he joined the organisation in Feb-ruary, is impatient with the old operating styles and is ruffling a few feathers in the cosier corners of ICCH.

"It is oo use laying eggs if you fail to hatch them," is a favourite refrain of his. His experience, which is con-centrated in the field of information technology, will ensure a heavily systems-orientated

approach. He betrays considerable impatience to speed up long-running projects, such as the sation from IBM to DEC hardware, as well as hastening the launch of some management systems that have long been in the works.

He has joined towards the end of a long period of reorgan-isation at ICCH. It aims to formalise a clear split between the ntility-type functions of the London guaranteeing and clearing division — just renamed the London Clearing House - and the profits-driven systems subsidiary, which exists to sell consulting skills and technology to financial markets around the world.

Australian, New Zealand and Hong Kong markets, in which ICCH has a varying degree of responsibility, are run sepa-

The split halps to quieten ICCH critics who saw in the old grouping a considerabla conflict of interest between its clearing operations and its more commercial systems side, marketing clieot accounting packages and the like.

The new systems subsidiary, called ICCH Financial Markets, represents a drastic rationalisation of three groups, them-selves the product of an earlier phase of the shuffle.

But these overlapped considerably, according to Mr Eades. Since joining he has devoted most of his time to this area — which, unlike the clearing house, he runs himself — and has already thoroughly trimmed the operation. Some observers believe he

may ultimately be grooming the division for flotation or sale. The six UK banks with shareholdings in ICCH, and who have been known to be restless in the past, may eventually become impatient with their involvement in what is effectively being turned into a computer software house. Meanwhile, Mr Eades savs



Martin Eades: 'No use laying eggs if you fail to hatch them

focused on ICCH's own "backyard," which is London. With the advantage of 11 years out-side the UK - with Coopers & Lybrand in Tokyo and Jardine Matheson in Hong Kong – he is able to inject a new energy into the vexed question of how to promote better integration between London's all-too-separate commodity markets

There is an urgent need to get systems across London markets to talk to each other in a controlled way. Horizontal integration is a pressing con-cern for the members. It should be for the regulators as well. As a 'systems' person of 27 years standing it pains me. to see duplicative non-communicating systems," he says.
One of the primary areas of overlap is with the London

Financial Futures Exchange. Liffe, disenchanted with the old ICCH, built its own trade registration and settlements systems and is in the midst of Meanwhile, Mr Eades says a clearing processing system his immediate attentions are (CPS), which performs many of the same functions as ICCH's tives markets. new Arch system. Mr Eades regrets the old 'self-importance" of ICCH that allowed such a situation to

develop but is not one to cry over spilt milk Current discussions with Liffe are therefore focusing on how to make the various systems more compatible and as far as the rest of London's markets go, Mr. Eades sounds more concerned with compata-bility than whether the various markets actually opt for his

house's systems.
ICCH is shortly to embark on a wider strategic review, addressing those areas where competitors are encroaching on its territory.

By Mr Eades's own admis-

By Mr Eades's own admission "there is an evolution within the exchanges which leads them to perceive that new product development is not the only thing, and that clearing and information related functions are potentially just as important."

This lesson is the fruit of a disciplinated role in the new

diminished role in the new Hong Kong futures exchange, and noises from the Sydney Futures Exchange that they may be giving notice on their 12-month contract - probably one of ICCH's most lucrative

to develop their own in-house clearing system.

While the group may be fac-ing an erosion of its role in some of the further flung parts of its empire, the IFM division is hoping to capitalise on the steady stream of new European derivatives exchanges. Mr Eades says he recognises one of the organisation's key strengths is its experience in setting up new markets.

The concept of Liffe grew from a paper commissioned by

ICCH. The group also played a

large part in the launch of the

Matif as well as in a high pro-portion of other non-US deriva-

"In straight systems terms

there is no way that we can compete with a major software house. What we are selling is the ability to create and run the infrastructure of a new exchange," he explains.
A project in Barcelona, to set up a new futures market, has in principle seen ICCH employed as a consultant, although terms of the deal

have yet to be clarified. The group has also been bidding for a new exchange in Brussels. According to one ICCH offi-cial it has been invited in by the nascent Deutsche Terminborse fer discussions on an alternative margining system after the exchange opens next year - a development that may cause some unease within Arthur Andersen, who are sole consultants to the project.

A keen proponent of auto-mated trading systems, Mr Eades has inherited the ATS/2 system, an upgraded version of the screen trading network installed in New Zealand in

The new Irish exchange, Hox, scheduled to start trading next Manday, represents the guinea pig for the new system. As well as having designs on the new European ventures, ICCH is bidding actively for the job of upgrading the Lon-don Traded Options Market's systems, which could include the eventual introduction of

In spite of his avowed intention to cultivate markets close to home, Mr Eades' Far Eastern connections will not go to

He says he is personally investigating the possibilities of futures in South Korea, and Taiwan is also on the agenda. Meanwhile in Tokyo he is exploring a joint venture with a leading Japanese securities

Amex to launch options in fixed-income securities

THE AMERICAN Stock Exchange is planning to enter the options market for fixed income securities for the first time with a product that links the exchange directly to a bro-

ker in US Treasury securities, writes Stephen Fidler. Mr Kenneth Leibler, the exchange's president, said it planned to launch options on

on-the-run US Treasury securi-ties which would connect the exchange's technology directly to the screens of Fundamental Brokers Inc (FBD, which is one of the largest brokers in US

government securities. Options prices will be avail-able on screens in the dealing rooms of the primary dealers in US government stock. They

will be able to direct buy and sell orders through the FBI screens to the Amex floor. The exchange, which expects to begin with a short-term con-

tract which it sees as underrepresented, such as the sixmonth T-bill, hopes that post-ing prices on brokers' screens will allow them to overcome their late entry to the fixed-income market. Its target for start-up is the third quarter of

Mr Leibler also said that if the exchange's newly-launched contract, which allows hedging of an international equity port-folio, proved a sucess, the exchange would consider developing the idea and per-

haps introducing single coun-try indexes. The exchange's new equity index participations, a product allowing investors to take posiinternational market index - tions in an equity index which provides a dividend stream for those holding long positions, had traded more actively than the competing product in Phil-

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries Tuesday May 23 1989 May ago (approx) May 22 May 19 & SUB-SECTIONS Gross Otv. Yield% (Act at (25%) nd adj. 1989 to date Figures in parentheses show number of 3.96 4.19 4.09 4.11 19.42 1 CAPITAL G0005 (206) .. -1.9 12.76 984.41 1895.51 984.57 753.73 11.50 13.08 17.91 1266.61 1287.14 1252.79 983.14 29.32 1736.52 1764.19 1713.70 1562.89 2 Building Materials (29) 3 Contracting, Construction (38) 8.69 8.61 9.76 13.91 49.45 2873.76 2951.89 2889.92 2878.89 14.76 2259.47 2368.22 2277.23 1599.75 7.62 529.96 554.60 555.15 383.35 1.84 595.64 562.47 555.95 456.77 6.69 325.73 327.44 324.59 267.73 25.11 1638.75 1674.27 1654.86 1234.42 1318.2 1231.98 1254.68 1233.46 1257.28 16.42 1319.54 1351.33 1329.82 1101.43 14.86 1882.38 1192.21 1078.01 91.04 17.33 2241.87 2268.79 2232.25 1395.24 14.41 2311.88 2328.78 2232.71 1253.77 21 13 1642.84 1274.44 1431.37 1253.77 49.45 2273.76 2951.89 2889.92 2070.89 Electricals (9) 3.05 3.89 5.40 4.17 3.63 3.78 3.84 4.24 4.25 4.25 4.25 4.21 5.25 4.20 5.00 3.52 5.00 3.52 14.98 11.54 9.26 9.08 10.43 8 Metals and Metal Forming (7) ... 553.3 21 CONSUMER GROUP (186)..... 22 Brewers and Oistillers (22) 1220.48 .1303.96 .1871.81 9.55 8.77 6.25 7.48 10.08 9.19 11.03 11.51 25 Food Manufacturing (20). 29 Leisure (33) 31 Packaging & Paper (15) 32 Publishing & Printing (18) 41 Agencies (18)... 42 Chemicals (22). 43 Conglomerates (12). Miscelianeous (27) 49 INOUSTRIAL GROUP (486) .. 51 011 & Gas (14) 1224.65 -0.7 9.74 4.87 12.81 16.01 1233.21 1252.24 1233.66 1867.46 59 500 SHARE INDEX (500)... 16.01 1233.28 1252.24 1233.66 1807.46 15.48 751.52 760.19 756.11 682.95 21.71 754.37 761.27 754.81 682.95 27.86 1069.46 1886.40 1879.12 967.76 16.75 589.34 578.42 579.47 531.78 27.06 1069.81 1813.47 1806.43 934.89 3.78 338.34 331.46 338.15 350.93 6.98 1324.48 1342.22 1335.81 1226.52 5.93 376.62 379.42 378.31 376.01 11.90 1165.05 1178.08 1177.64 855.63 5.18 6.43 5.65 5.86 6.37 4.57 2.74 5.62 -0.9 -1.4 -1.2 -0.7 -1.5 744.94 744.13 61 FINANCIAL GROUP (123)... 5.47 23.99 1056.98 585.29 989.92 66 Insurance (Composite) (7) 67 Insurance (Brokers) (7) 68 Merchant Banks (111 16.73 8.09 330.37 1318.96 21.18 69 Property (52) 70 Other Financial (30). 374.79 9.95 12.71 11.90 1165.05 1178.08 1177.69 855.03 10.45 631.02 641.94 634.72 517.05 34.12 1394.96 1415.33 1395.64 1070.05 1157.26 -0.7 2.80 4.19 71 Investment Trusts (72) 11.15 9.98 621.42 1377.39 91 Overseas Traders (8) -0.7 - 4.29 - 15.85 1114.96 1131.41 1118.29 922.81 Day's Day's Day's Change High (a) Low (b) May May May May 22 19 18 17 May 16

	FIX	ED I	NTE	RES	r			AVERAGE GROSS REDEMPTION YIELDS	Tue May 23	Mon May 22	Year ago (approx
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÷	Preference			88.41	-	3.00	17	25 years	11.16	11.11	7.6

RISES AND FALLS YESTERDAY atlans, Dominion and Foreign Bonds il and Properties. 1,313 Totals **LONDON RECENT ISSUES** EQUITIES - AR 1905 1100 50 Do. Warrants
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First Dealings May 15
Last Dealings May 26
Last Declarations Aug 10
For settlement Aug 21
For rate indications see end of Christie's Int. Cultus, McCarthy & Stone, Five Oaks, Creston, Astra Hidgs, Clogau, Brit Channel, Kelt, TR Eng. Fitch Lovell, Candover, Mattheway Channel

1.50 LONDON TRADED OPTIONS

DIXONS dominated interest in "June 160 calls, but there was also individual stocks on the London individual stocks on the London opening of 676 to 1,660 in the Traded Options Market yesterday. September 130 calls, and of 174 with strong two-way business, sean, against a background of brokers' forecasts and talk of takeover bid. The option on the stock attracted 4,036 contracts, equivalent to just over 4m share on the underlying market, which saw 8.4m shares traded.

Almost all the Dixon's options business was on the call side.

Almost all the Dixon's options business was on tha call side, which overall found dealings of 4,035 contracts, made up of 3,688 calls and 348 puts. The major leature in the options business in it was an opaning of position of 1,011 to 4,951 contracts in tha

CALLS POTS ... Bytion

to 1.109 in the June 140 puts.
There was, however, continued strong business in the FT-SE 100 index, which attracted 7.118 contracts, or more than 20 per cent of tracts, or more than 20 per cent of total market turnover of 34,098 contracts. The overall business was split into 22,436 calls and 11,662 puts. Business in the index was divided between 2,588 calls and 4,531 puts, as the index itself retreated a further 17.4 points from recent highs to 2,151.6.

Cable & Wireless also caught the eye. The company attracted

3,343 contracts, made up of 2,590 lying share price rose 4p to 549p. Americo, which swing export on the underlying market before end-ing 3p down at 102p, saw 2,819 options contracts traded, of which 1,305 were calls and 1,514 puts.

Ultramar sprang into life to Ultramar, sprang into life to bring in 2,475 contracts, comprising 2,208 calls and 266 puts. The most heavily traded series in the stock was the July 330 call, which saw 1,250 contracts, along with a closing of open interest in it of 676 contracts to 7.11. British Steel attracted 1,540 contracts, mada up of 1,073 calls and 467 puts.

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UK COMPANY NEWS

BP cuts gearing by a further disposal of royalty interests

Chiselling into the debt mountain

BRITISH PETROCEUM continued its degearing pro-gramme yesterday with its sec-ond sale of a royalty interest in the Prudhoe Bay oil field in

the Prudnoe Bay oil field in Alaska this year.

The latest disposal will reise \$209m (£132m) via the sale of units in a so-called Royalty Trust which entitle investors to a share of the first 90,000 barrels per day of BP's output at the field.

It follows a similar exercise in March which raised \$334m via a private placement with institutional investors and is part of BP's plans to reduce its debt mountain.

RICHARDSONS Westgarth, the Surrey-based steel stockholder,

is buying Berry Hill Group, a management buyout vehicle.

which acquired certain interests previously belonging to Longton Industrial Holdings in late 1986.

The deal is worth up to \$2.73m, while Richardsons will

take on debts of about 12 1m.
Richardsons is also making a
two-for seven rights Issue at
60p a share, raising a net
22.7m. The money will go
towards financing the £1.6m
cash element of the deal and

According to analysts, gear-ing now stands at 100 per cent following the purchase of 790m of its own shares from the Kuwaiti Investment Office.

The royalty interest is in 16.4246 per cent of the first 90,000 barrels of BP's daily Prudhoe output, which last year averaged 652,000 barrels. From BP's point of view, the deal is designed to unlock the value latent in the field. At Prudhoe, the rate of production is at a the rate of production is at a plateau and is likely to dwindle by 10 per cent a year from the

"This is a way of getting the economic value from the field

up front," said Mr James Ross, chief executive of BP US yes-terday. "It shows the value for shareholder mentality prevail-ing at BP".

Analysts calculated that oil prices would have to average \$24 per barrel over the remaining life of the field for BP to make the same return hy retaining the interest. The West Texas Intermediate oil price averaged \$18.45 during the first quarter of 1989. Investors in this novel finan-

cial instrument will receive quarterly royalty payments determined by reference to the average WII oil price less a schedule of costs, Priced at \$25 each, the yield on each of the units is likely to be around

The latest batch of shares have been placed with institu tions following a marketing exercise handled by First Bos-ton, Goldman Sachs and Mer-

BP's divestiture programme will receive a fillip when it completes the disposal of its mineral interests to RTZ, the mining group. This will raise \$4.3bn (£2.7hn at today's exchange rate) and should be completed by the end of next month.

RW makes steel stockholding acquisition new buy-out team will take on

providing additional working BHG was formed three years ago, in the wake of the take-over of Longton by Thomson T-Line. It was headed by five former managers of Longton, who bought James and Tatton, Longton's steel stockholding

enbsidiary, as well as some fastner distribution businesses. Richardsons said that James and Tatton, which dates back to 1884, would fit well with its own steel stockholding inter-ests, based in St Helens and Kidderminster while James is centred on Stoke-on-Trent. It added that the deal would nearly double its buying power

for steel.

It plans to sell the non-steel interests of BHG to senior managers, the same ones who headed the previous buyout.

The initial purchase price for BHG is £3.23m, of which £1.6m comes in cash and the rest through the issue of 2.38m shares to the vendors. There is a deferred profit related cash a deferred profit-related cash payment of up to £525,420.

being acquired for £1, but the

dents of £1.4m. As a result, Richardsons will be left with additional debt as a result of

the BHG deal of £3.1m.

No np-to-date figures are given for the pre-tax profits of BHG, but in the year to end-March 1988, it made £433,000 before inter-company manage-ment charges. This was after financing charges of £500,000. Net assets were £2.2m.

The rights issue has been underwritten by Barings. Yesterday, Richardsons shares

Ossory arranges £49m bank finance

By Paul Cheeseright, Property Correspondent

OSSORY ESTATES, the property company, has sought to bridge the gap between the high cost of money and the medium yields of property investment by arranging 248m of bank finance linked to a preference share issue.
It called the arrangement "a

unique form of funding". The borrowing techniques involved iemonstrate the growing elaboration of property financing and testify to the continuing appetite of banks for property lending.

The structure of the financ-

ing was worked out hy Banque Paribas Capital Markets and the funding was set up and arranged by Lloyds Bank Capi-tal Markets. Lloyds is one of six hanks actually providing the money for Ossory.

The banks are in fact lending the money to an offshore charity. The charity is routing the funds through to Ossory by means of buying an issue of preference shares, carrying a coupon of 6.5 per cent, redeemable in seven years from a able in seven years, from a Cayman Islands subsidiary of

Ossory. But the lending comes in two parts — a £30m capital facility and a £19m interest accrual loan facility. The banks pay out £30m and collect £49m in total in seven

The immediate advantage to Ossory is that only the preference dividends will run through the profit and loss account. Provision for the interest accrual facility on Ossory's balance sheet is based on the assumption that prop-erty capital values will con-tinue to rise over the facility's

US conglomerate acquires 15% of suspended Eagle Trust

mining company which was eventually absorbed, through a

reverse takeover, into Power-screen International, an Irish

quarrying equipment company. Shortly after the Power-

screen takeover, Mr Stockdale resigned from the Benzol board

because he wished "to become

involved with other private enterprises." Last year, he

bought a 21 per cent stake in

British petrol stations for con-

IROQUOIS BRANDS, a US conglomerate chaired hy Mr Malcolm Stockdale, hae acquired a near 15 per cent stake in Eagle Trust, the Mid-lands-based miniconglomerate which is currently the subject

of bid speculation.
Yesterday chares in Eagle
were suspended pending the
announcement of the group's
preliminary results and the publication of a circular detailing "certain major proposed transactions" which are understood to disclose disposals.

Laet month, Eagle announced that it had received an approach which might lead to a bid. That suitor is apparantly the sui ently unconnected with Iro-

Iroquois acquired its shares from a combination of parties including members of the Samuelson family, whose film lighting business was acquired by Eagle in 1987, and the Knwaiti-hased Coast Group. The prices paid for the shares ranged between 17½p and 22p; the suspension price of Eagle shares was 18p.

Mr Stockdale was previously

in charge of MHS Holdings, a coal mining company which was forced by the 1984/5 min-ers' strike into heavy losses and British Benzol, another

made a net loss of \$9.17m on revenues of \$59.5m last year. Mr Stockdale was unavailable for comment yesterday on his **Eagle Trust** Share price relative to FT-A All-Share Index intentions regarding the Eagle

stake.
Eagle Trust was briefly a "hot stock" hefore the 1987 crash. It was formed hy a three-way merger hetween Mitchell Somers, Andiotronics Holdings and Midlands City Partnership and is involved in a variety of activities from builders merchanting to hydroponics.

Former chairman Mr Leslie Thomas, who resigned last October, has made a number of sharp criticisms of the group's financial controls. Eagle, now chaired by Mr John Ferriday, made first half profits of £6.4m in 1988.

Eagle Trust also said yesterday it was closing its parcel delivery company Eagle Express, which was formerly known as Connect. An Eagle spokesman said that the delivery business had proved far more competitive than had

iroquois for \$8.8m and then injected his private chain of been expected.

Eagle Express sponsored the
Watford football club hut rock star chairman Elton John can rest easy. Eagle Trust says it vertible preference chares which give him a potential 55 The Houston-based Iroquois

ADT cuts Christies stake to below notifiable level

By Clare Pearson

MR Michael Ashcroft's ADT. the surveillance systems and vehicle auction group, has reduced its stake in the ordinary shares of Christies Inter-national, the London auction house, less than a month after buying a substantial block of shares to take its holding to 5.6

per cent.
It is understood that the reduction, notified by ADT to Christies, represents actual christies, represents actual selling, rather, than any assumption made by ADT about the effects of last week's announcement that some of the "A" shares in the company were being converted into ordinary share capital.

It is not known how many shares ADT has sold, but the shares have fallen below the 5 per cent level at which hold.

per cent level at which hold-ings become declarable. Yesterings become declarable. Yester ing the shares pro rata up until day Christies' shares closed. May 30.

the Scottish property developer and househulder, more than

trebled pre-tax profits for the six months to February 28.

On turnover of £21.49m

(£7.89m), the taxable figure

came out at £1.58m; compared

with £512,000 for the corresponding period and with £152m for the 12 months to

The announcement is the latest in a series of rapid changes to Christies' share register this month. Aside from the appear month: Aside from the appearance of Bermuda-registered ADT, Mr Robert Holmes a Court has increased his holding to 5.9 per cent of the total, and the Wallenberg group of companies, controlled by Sweden's dominant industrial family have agreed to have conity, have agreed to buy con-verted "A" shares giving them a 3 per cent stake.

The conversion of "A" shares representing about 8 per cent of the total share capital arising from sales by present and former directors does not come into effect until the end of the month. Existing "A" Shareholders-have the right to prevent the conversion by buy-

Bett Bros higher at £1.6m

to the results.

BOOSTED BY substantial activity in its property development division, Bett Brothers, Mr Iain Bett, chairman, said that the sale of a substantial

Copson changes direction with acquisition of hotel

The hotel, located in Hert-fordshire and valued at £4.25m, is being acquired from the Chatwani brothers, who took control of Copson earlier this

Hall Hotel.

Initial consideration of \$2.7m will be satisfied via the issue of 1.29m new Copson ordinary shares to the vendor, Kanta Enterprises, a private company wholly-owned by the Chatwani brothers. Further consideration of up to £1.75m may be payable subject to the outcome of planning permission.

P COPSON, the plumber and builders' merchant which is undergoing a change of direc-tion following the arrival of a new management team, has reached agreement for the acquisition of the Letchworth

In addition, it is proposed

Daf products, this highly speci-alised business no longer had a

part in Bett's future plans. The company is therefore negotia-ting, in conjuction with Ley-

land Daf, to sell the business.

to 6.61p (2.09p) and the interim dividend has been raised 32 per

cent to 1.85p (1.4p).

that 128,000 of the consideration shares and all of the 872,000 ordinary Copson shares currently held by Kanta be placed by Robert Fleming and Co at 220p.

Radio Trent's stations broedcast to Nottingham, Derhy and

Two Radio companies agree merger

By Raymond Snoddy

TWO MORE commercial radio companies, Midlands Radio Holdings and Radio Trent, yesterday agreed terms for a

Midlands, formed last year hy a merger between BRMB and Mercia, operates stations

at Birmingham and Coventry.

Leicester. The companies said the com-

hined group would have greater financial and management strength and a higher advertising profile.

Midlands shareholders will

receive 11 shares in the new company for every 10 they now hold, plus a 50p per share spe-cial cash dividend. The offer to Trent shareholders is on a one-for-one basis. There are cash alternatives of £17.60 for each Midlands share and £16 for each Trent share.

tion. Mr Bett said that although there had been an increased demand for Leyland The Take

Appletree profits reach £0.6m APPLETREE HOLDINGS, a

Cambridgeshire-based fresh produce supplier, returned profits of £861,000 pre-tax for the 26 weeks ended April 2, lit-tle changed on last time's 2859,000 which included losses from the snack foods division.

Turnover improved by just The snack foods division has

since been sold to Dalgety, which resulted in an extraordi-

nary credit of £9.76m. The

interim dividend is a same-

area of zoned land, at Staines, Middlesex to a joint venture company, in which Bett had retained a 50 per cent interest.

had contributed considerably

The improvement shown in property and building related activities was not matched by

the vehicle distribution opera-

again 1.1p. Late last year Appletree, 24 per cent owned by British & Commonwealth Holdings, effectively put itself up for sale but later terminated discus-

time that it would not be seeking separate buyers for either of its two operating divisions, fresh produce and Kildare.

Directors said the company was currently benefiting from current high interest rates. UK cash balance at April 2, excluding working capital require-

Built by Birse ments, amounted to £11m. sions with parties interested in 'a temple to sewage" (in brick of course)

This was one newspaper's description of the new Isle of Dogs Pumping Station, built by Birse.

This homage in brick to a Greek temple is, of course, only an exotic example of the many projects that Birse carry out for the various regional water authorities throughout the UK.

Other Birse projects include motorways,

bridges, superstores, factories, docks, jetties, waterworks, railways, private housing and property development.

Birse success has been built on the recruitment, training and development of high quality management, and is demonstrated by the rise in group turnover from £1m in 1976 to approximately

THE BEST BUILDERS IN BRITAIN



GREIG MIDDLETON & CO. LIMITED of 8,305,200 ordinary shares of 5p each at 60p per share

in ordinary shares of 5p each

The Company's business is short-term rental and contract hire of vehicles for commercial and private use. Its operating centre is located in the Salford Enterprise Zone. 25 per cent of the shares now being placed will be placed by Charlton Seal Schaverien Limited, the co-distributor.

Full particulars of the Company are available through the Extel Unlisted Securities Market Service and copies may be obtained during normal business hours on any weekday (Saturdays and bank holidays excepted) up to and including 7th June 1939, from:

Greig Middleton & Co. Limited 66 Wilson Street. London EC2A 2BL

Charlton Seal Schaverien Limited P.O. Box 512,

and during normal business hours on 30th and 31st May 1989, from: The Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD

Dated 24th May 1989

Coloroll doubles profits to £55m

PRE-TAX PROFITS of Coloroll, the home products group, more than doubled in the year to end-March from £26m to £55.5m thanks to last summer's hard-won takeover of the John

Crowther textiles group. In a detailed statement, Coloroll emphasised yesterday that the retained Crowther carpet businesses hed heeo extensively restructured while disposal profits of an estimated \$260m were set to exceed the £215m acquisition costs, and leave the group in a net cash

Excluding Crowther and William Barrett, the acquisition which took the company into furniture last year, Coloroll's brands had been valued at £85m. If they were incorporated in the balance sheet which there were no plans to do - shareholders' funds would be well in excess of "We want to get across that we're into a drive for safety now," said Mr John Ashcroft, the chairmen. "We've got a strong balance sheet and we're focusing on organic growth

through extending our product

He said the company was considering e share repurchase programme to alleviate an expected flattening in earnings per share growth next year. According to estimates based on conservative assumptions contained in the results statement this could be as low as 3

Coloroll had felt no effects of e slowdown in consumer spending during the first quarter, although very recently there had been e softening of demand for carpets, which accounted for about 20 per cent of profits last

Lord King of Wartnaby, chairman of British Airways, who

yesterday unveiled a 17.5 per cent increase in the airline's profits. The group made £268m before tax in 1988-89 with the help of British Caledonian, bought in late 1987. Lord King also announced that BA would reward its 48,000 employees for the

successful integration of BCal with a special payment of one week's basic salary, on top of the usual profit-share bonus of 2½ weeks' wages. Asked if the special payment applied to directors, Lord King, who earns nearly £3,500 e week eccording to the 1987-88 accounts, said he thought the executive board was excluded. "But it's nice of you to think of us," he added.

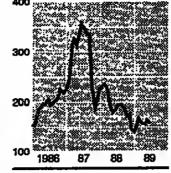
glassware, for £1.04m. Consideration will be satisfied by the issue of 422,835 new

ordinary, of which 101,215 are being retained by the vendor.

FII pays £1m for Luckham

FII Group has ecquired Luckham, which is principally

involved in the manufecture and sale of laboratory equip-ment, plastic disposables and Coloroll Group Share price (pence)



Crowther carpets moved from a £3m loss to e £7m pretax profit during the year. All other divisions pushed ahead apart from home furnishings, where pre-tax profits fell to \$2.8m (£5.8m). This was blamed on the mild winter denting

emand for duvets. William Barrett contributed £2.6m (£1.7m). This company is to provide a platform for the leonch of a new range of upholstered furniture almed et the young home

Disposals of Crowther businesses have so far raised £130m. A similar amount is expected to come in in the next few months, with the bulk of it provided by the MCD carpet distribution husiness, which will probably be sold to its management.

Turnover stood at £565.1m (£257.7m). Earnings per share came out 11 per cent higher at 23p (20.8p). The final dividend is set at 4.56p (3.97p) making 7.6p (6.61p) for the

Fairbriar improves 52% to £13.1m despite depressed housing market

By Andrew Taylor, Construction Chrrespondent

PRE-TAX profits of Fairbriar, hlock had been substantially the Epsom-based housebuilder let in Thames Ditton and the and property developer rose rose 52 per cent to £13.1m in the 12 months to March 31

Mr Remo Dipre, Fairbriar's chairman, said the increase had been achieved in spite of e decline in the housing market since the Autumn.

House sales were down by between 20 per cent and 25 per cent during the first four months of 1989 compared with the first four months of last year. Most of the company's homes are in the south

Mr Dipre said Fairhriar, because of the high margins it achieved on sales, had greater flexibility than many househuilders to ride out the recession. The company was cur-rently offering mortgage snhsidies on only a few

selected sites.
Mr Dipre said profits from property development were expected to rise to about £2.5m this year compared with \$500,000 last year. Developments were under

way in south east and south west England. A large office

group was pursuing e mixed commercial and residential development on 56 acres in Tunbridge Wells.

He said: "The full potential of our residential activities will obviously not come to fruition until confidence returns to the housing market, but with our retained investments together with a well halanced portfolio of residential, commercial and industrial developments 1 am confident the future pros-perity of the company is

The group's funding requirements had increased as a result of the decision two years ago to move into commercial property development. This would be reduced by "funds generated by the company in the course of its normal ectivities during the

Turnover last year rose 77 per cent to £46.9m. Earnings per share rose from 14.88p to 23.54p an increase of 58 per cent. A final dividend of 3.3p (2.5p) makes a total of 5p (3.4p)

Ketson deputy opposes bid rejection

By Andrew Hill

KETSON, the embattled marketing and public relations group, yesterday decided to reject the consortium bid launched on Monday.

The PR company's defence document will be published today, but without the support of deputy chairman Mr Jeremy Bond, whom the rest of the board is trying to oust as a director.

Mr Bond, the founder, for-mer chairman and chief execu-tive of Moorgate, Ketson's financial marketing and PR snbsidiary, opposes the restructuring proposed by the group two weeks ago. He is now seeking indepen-dent financial advice before

deciding whether to recom-mend shareholders to accept the consortium bid.

"I'm just very pleased that the shareholders have an alter-

the shareholders have an alter-native to consider," said Mr Bond, who is also Ketson's largest shareholder with a stake of 12.14 per cent. The consortium consists of City and Westminster Finan-cial, a private merchant banking and investment group, Broad Street Group, the PB, advertising and marketing consultancy, and Summer International, the training and

International, the training and education company.

They are offering shares in their new company, Moneytab, in a one-for-one exchange for existing Ketson shares. Moorgate and IRTC, Ketson's training consultancy, will be sold to Broad Street and Summer respectively if the bid is successful.

Disappointing trading hits Moran result

Disappointing trading conditions in both its residen-tial property and international freight forwarding sectors prompted Moran Holdings, the property developer and tea planter, to warn of an operating loss for the year to June 30

As intimated by Mr Colin Gordon-Smith, chairman, in his annual statement in November 1988, the company's development on the Isle of Dogs in London's Docklands had suffered from the downturn in demand and selling prices. prices. This, coupled with the fail-

ans, coupsed with the fail-tire of the purchasing consor-tium to complete its contract for half of this development, had brought about a negative position. Other developments had also been affected by the depression in the housing mar-

Due to major contracts not being signed within the antici-pated time-scale, there had also been a downturn in the international freight forward-ing and business travel operations division, which the chairman said was also unlikely to contribute to prof-its for the current year.

its for the current year.

However, with contracts now in hand, both divisions were expected to return; to profits in the year commencing July 1. Directors have therefore declared an unchanged interim dividend of 1p and expect to maintain a total for the year of Sp.

Yearlings at 131/4%

The interest rate for this week's issue of local authority bonds is 134 per cent, up 3 of a percentage point from two

week's ago.
The bonds are issued at par

DIVIDENDS ANNOUNCED

Dividends shown pence per share not except where otherwise stated. *Equivalent after allowing for scrip issue. *On capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. §Third market. *Including special of 0.219p. ‡Parity to reduce disparity.

BOARD MEETINGS

1.1 1.25 1.85 5.25 0.8 4.56 3 3.3 6.5 5.5 1.85 2.7 3

Yorkshire TV surges to £10m but warns on the second half By John Ridding

LOWER STAFF costs boosted pre-tax profits at Yorkshire Television to £10.4m for the six months to the end of March, an increase of 33 per cent.

However, the costs of two major productions to be taken

in the second half prompted the company to warn that the excellent results in the first half can not be taken as a

guide for the full year."
Turnover for the six months, excluding sales to the ITV network, increased by 11 per cent to \$76.2m. Earnings per share rose from 14p. to 18.3p and there is an interim dividend of

3.3p (3p).
The increase in sales included a 10 per cent rise in advertising receipts for the IBA contractor. However, the 271.8m advertising revenues represented only 8.7 per cent of the network total, compared

with 9.1 per cent for the com-parable period.

Mr Clive Leach, managing director, said the fall reflected the continued drift of revenues to the south east as financial companies stepped up exposure there during the period. He believed, however, that the plateau had now been reached and said that Yorkshire was not expecting to lose any more of its share.

The main factor in the improvement was a 12 per cent reduction in staff costs. Staff levels have been reduced from 1,643 at the end of March 1988 to 1,407 at present through vol-untary redundancy and early

A second factor was the A second factor was the introduction of more flexible work practices. Multi-skilling arrangements were introduced through the period and at the beginning of May the company proposed a radical restructuring of work practices which included the calculation of working hours on an annual working hours on an annual rather than a weekly basis.

Mr Leach said the second half had started well although the results would be affected.

by the costs of two major drama productions. These involve total production costs in the region of £16m although.

in the region of Elém although it was unclear what proportion would be above the line.

However, the company added that the new productions would earn income in the next financial year and add to the value of Yorkshire's programme catalogue in subsequent years.

OCOMMENT

Having weathered the costs of rationalisation in the previous financial year, Yorkshire is now reaping the benefits. Yesterday'e results showed lower costs and higher profits than expected, sending the share was a man to stir. For the price up 6p to 311p. For the year as a whole, however, forecasts are unchanged at around £19m. This reflects the costs of its two expensive productions, which seem intended to reduce the impact of the new exche-quer levy system to be intro-duced in 1990 by writing off

Clive Leach - drama costs will hit results

costs before the more punitive regime is introduced. The new levy and the prospect of bid-ding for franchises after 1992 cast a shadow over the sector as a whole. However, Yorkas a whole however. The shire is making good progress in cost cutting and establishing independent profit centres—particularly in the area of programme production where it supplies around 15 per cent of supplies around 15 per cent of network programmes and has a deal to supply material for BSB. The prospect of bid and stake building activity in the sector and increased investor interest have sent Yorkshire's shares up by over 30 per cent this year. At the current level they are on a prospective mul-tiple of 8.5, still reflecting the downside of the sector, and easier to justify than many of

Radio City doubled midway

By John Ridding

RADIO CITY (Sound of Merseyside), the Liverpool-based commercial radio station, doubled pre-tax profits from £308,000 to £623,000 in the six months to end-March.

The increase reflected the strong demand for radioadvertising which has prompted a string of sharply improved results across the sector. Turn-over, which comprises almost exclusively advertising revenue increased from £1.66m to

Given the improvement in

the results the company has the results the company has decided to resume payment of interim dividends. These were suspended four years ago following the heavy losses which Radio City suffered as a result of its involvement in the Beatle City Exhibition. A payment of 3p is proposed, compared with a final payment of 6p in 1987/88.

Mr Barrie Marsh, managing director, said that the station was achieving excellent audi-ence levels. The latest figures im adults giving approximately 12m listening hours a week. As a result the company was able to increase advertis ing rates by almost 10 per cent

during the period. Mr Marsh said that while advertising revenues could be volatile the company was view-ing the year as a whole with optimism. He added that the increased demand for radio as a whole reflected more aggressive selling and the fact that television rates have become too high for many clients.

Beazer severs last connection with BM

BEAZER, the housebuilding, construction materials and contracting company, yesterday severed its last connection with BM Group by selling a last of the contracting companies into BM.

However, Tetrangel Companies into BM. struction equipment distribu-

The disposal at about 440p per share to Shearson Lehman Hutton, which subsequently

However, Bearer retained BM's listing and its ownership level peaked at 88 per cent. Over the intervening years, Beazer sold shares and allowed its stake to be diluted. In 1988, Beazer sold two building products subsidiaries, Beazer Products subsidiaries, Beazer Products and Services and Tod to

placed them raised £17m for Beazer, which remains highly geared after last year's \$1.7bn takeover of Koppers, the US construction materials group. Beezer won control of BM

3.75 2 3.85 6.9 1.34 6.6

3.5 1.219&

0.4

ucts and Services and Tod, to BM for £47m. BM shares closed 2p higher

Fairline on course with £1.82m

Excellent demand for all its hoats, despite high interest rates and a strong pound, helped Fairline Boats increase interim taxable profits 20 per cent from £1.52m to £1.82m. Turnover for the six months to March 31 was £2.15m ahead at

E14.13m.
Earnings per share increased to 34.9p (29.8p) and the interim dividend is higher at 6.5p, against 4p last time.

Mr. Sam Newington, chairman, said the sales rise was achieved without any increase or conacity. Phase three of its in capacity. Phase three of its new facilities would be com-pleted in July and should add a

third to production capacity. He added that while overall demand was not as certain as it was at the same time last year he remained confident that the full-year ontcome would be satisfactory.

Poddington and Henson TV in... distribution deal By Vanessa Houlder

Poddington, which joined the Third Market in January, has moved closer to the launch of its Poddington Pea cartoons featuring Grump-Pea, Sleep-Pea and PC Pod - by signing a distribution deal with International

Poddington has signed a five year deal under which Henson will promote the worldwide television and video cassette rights of an animated childrens series about the Poddington Pea family - a community of 31 peas which live et the bottom: of a snhurhan

garden.
Mr Leonard Lee, chairman, said that the series, which comprises 26 five minute episodee, was expected to be transmitted in September

The creation of the series was financed with the £1.2m raised in its placing.

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COLOROLL GROUP PLC PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 1989 % increase +119 Sales 565.1 +113 Pre-tax profit 55.6 Earnings per share 23p + 11 * Another record set of financial results * Coloroll brand name dominant with the consumer * Kosset and Crossley businesses revitalized * Crowther disposal proceeds set to exceed cost ★ Final dividend of 4.56p "Trading in the first quarter of calendar 1989 remained strong. Although there are currently signs of weakness in some of our markets, we believe this to be a short term situation and that your Group will continue to make good progress this year as a result of product initiatives already in place, and increasing market share. The disposals and restructuring of the Crowther acquisition will give the Group the financial muscle to take full advantage of these opportunities." JOHN K. ASHCROFT 23RD MAY, 1989 THE BIG NAME IN HOME FASHION John Lide

UK COMPANY NEWS

Sharply reduced order intake in electronic financial systems

Apricot Computers drops by 26%

APRICOT COMPUTERS, which but profits slumped from \$2.6m warned in January that its 1989 warned in January that its 1989 profits would be lower than last year's through unexpected commercial and technological problems, duly reported disappointing figures yesterday. It claimed, however, that the ground had been cleared for a substantially better performance this year. Turnover at mance this year. Turnover at £105.8m was 25 per cent up on the 1968 figure, the first time the £100m barrier had been broken. Profit before taxation. however at £6m, was 26 per cent lower.

Earnings per share were 6.22p. Mr Roger Foster, chief executive, said that year end; cash balances stood at £12m and it was proposed to maintain the dividend per share at

2p. Profitability was hit by a softness in electronic financial systems, one of the company's incipal markets. The division had sales of £13.9m compared with £12.5m the year before, to £1.2m and a loss was incurred in the final quarter on reduced sales resulting from a sharply reduced order intake.

The profitability of the com-

puter systems division was reduced by shortages of special semiconductor chips developed by a US company to create per-sonal companers compatible with the design, called Micro-Channel Architecture (MCA) used in International Business Machine's most advanced machines Both problems cost the company about £5m in

Mr Foster said yesterday he thought that given these hand-icaps, the company's financial performance, reflected its strength rather than weakness. While giving no hostages to fortune, he believed the financial systems marketplace was gaining momentum again. He believed turnover next year would be between £120m and

place special emphasis on cial and government markets and to large corporate custom-ers where it can sell a complete package of services.

Apricot Computer

Apricot has revised its management structure to match its market approach. Mr Foster takes over as chairman next year from Mr Lindsay Bury who continues as a non-executive director. Mr Mike Hart, formerly managing director of Nixdorf UK, hecomes joint managing director with Mr Simon Hunt. The group is actively recruiting a new finance director to replace Mr Christopher Loynes, who resigned in January for per-

Apricot shows a resilience to misfortune encouraging in the volatile computer business. While it remains vunerable to weakness in its principal mar-kets or to technological pertur-bations, it has been pursuing a strategy of acquisition and systems development that should ensure revennes and profitability. Three developments seemparticularly relevant. First, an extension of its activities in the increasingly profitable ares of computer maintainance, helped by the acquisition in the past two months of the DDT Group. Second, the decision to follow IBM in developing MCA design personal computers. Analysts believe that IBM will eventu-ally establish MCA as the standard for high performance per-sonal computers. Mr Foster thinks customers already see Apricot as the natural alternative to IBM for MCA machines. Third, a move into medium sized or departmental comput-ers, the fastest growing area of the computer market. Apricot intends to launch its first machine of this type next week Called "Titan", it will be a floor standing machine

designed to compete with minicomputers by offering four times the performance for the

Westfield directors recommend Lowy bid

By Paul Cheeseright, **Property Correspondent**

INDEPENDENT directors of Westfield International, the Anstralian company with a London quotation that owns shopping malls in the US, are recommending acceptance of the terms offered by Mr Frank Lowy to take the company pri-

a valuation of Westfield's assets, which are put at between US\$2.43 and US\$2.53. But Mr Lowy's offer, which comes just a year after the company received its quotation, is put at US\$3.35 a share, conditional on Hampton Investments - Mr Lowy's com-pany - becoming entitled to at least 90 per cent of the shares.

Really Useful

The Really Useful Group, Mr Andrew Lloyd Webber's thea-tre production and leisure company, has sold a freehold building in London's West End for £6m.

The disposal, to a joint venture between Rosehaugh and New Capital Properties, will create a pre-tax profit of £1.2m for Really Useful.

Continuing strong demand helps Trimoco advance 47%

THE CONTINUING strong demand for cars has helped Trimoco, the Luton-based motor group, lift full-year pretax profits by 47 per cent from £5.1m to £7.51m.

This is the first motor dis

This is the first motor dis-tributor to announce its results fributor to announce its results for the year to March 31. Although the second half of the year is traditionally the weaker period, car sales were still ahead of its budget.

The company added that sales in April this year were 10 per cent ahead of forecast, which had been raised mod-

which had been raised modestly from last year's levels.
Turnover rose by 27 per cent to £271.97m (£214.67m). A proposed final dividend of 0.8p will

posed mai dividend of 0.89 will give 1.4p (1p) for the year. Fully diluted earnings per share advanced to 3.85p (2.75p). Trimoco said the former Fry's Ford dealership in Lewis-ham, south London, acquired in March 1988, had been suc-cessfully integrated. In Febru-

US-BASED Mutual Shares Corporation, together with associated funds, has again

raised its interest in Gateway, the UK food retail group which is contesting a £1.73bn bid

from the newly-formed Isosce-

Mutual lifts Gateway stake

ary this year, Trimoco bought Smith and Gardner, a Liverpool-based Peugeot dealership, for £810,000.

for £810,000.

The dealerships, which now represent Ford, Vauxhall and Peugeot franchises, contributed 64 per cent of the profits. Property transactions accounted for 23.8 per cent; its leasing activities provided 11 per cent; and engineering 1.2 per cent.

Mr Roger Smith, chairman.

Mr Roger Smith, chairman, said the company's balance sheet had been strengthened following property revalua-tions and the purchase of some freehold properties. Interest payments were £2.21m (£1.31m) and tax was £2.33m (£1.56m).

Trimoco's presentation yester-day was held in the grandiose surroundings of the Apothecaries Hall in London, and it was perhaps appropriate for a com-pany that at last seems to have

It has acquired a further

1.2m shares at 200p - well above the current 195p-a-share

cash offer price from Isosceles

taking its total holding to

put together a healthy mix of motor-related businesses. Its unfortunate forays into other fields, such as the data storage business, are now over. Trimoco produced a sound trading performance in the past year and the company still has and the company still has some steady growth potential particularly, it would seem, in the leasing and used-car markets. However, some niggling doubts should be borne in mind. The shareholding of the Jemeel family, which currently stands at just over 24 per cent, gives some cause for disquiet. gives some cause for disquiet. A takeover bid would seem to be out of the question because of the danger that this would result in a loss of franchises, yet the intentions are not clear and the unpredictability is unsettling. The company is also saddled with high gearing levels of a little less than 100 per cent and the consequent high interest charges will cramp profits in the current year. Supply shortages may also feature and attractive acquisitions are looking hard to come hy. Nevertbeless, about £8.5m of pre-tax profits looks attainable, which would give a prospective p/e ratio of about 9.5. At that rating, Tri-moco is at a slight premium to the market which may be justified by the Jemeel interest and property profits.

GrandMet disposals continue in the US

By Lisa Wood

GRAND METROPOLITAN, the-UK food and drink group, yes-terday announced the continuing disposal of husinesses acquired in large acquisitions made in North America over the past two years.

Calona Wines, a Canadian wine business acquired with Hueblein, has been sold for Can\$16.9m to International Potter Distilling Corporation, a subsidiary of Consolidated Western Industries.

GrandMet, which last week announced it was buying the wine and brandy business of The Christian Brothers in California, said Calona did not fit into its strategy of develop-

ing international brands.

Two seafood businesses, acquired in the \$5.8bn acquisition of Pillsbury, the US food. group, are being put up for sale. Pillsbury is selling its Van de Kamp's and Bumble. Bee companies, with the assistance of Morgan Stanley in

Mr Ian Martin, chairman and chief executive of Pillsbury, said neither Van de Kamp's or Bumble Bee, were sufficiently linked to the core Pills done.

adagion:

CONTRACTORS

() Yes 24 () - () 25 () - () 27 () - () 27

bury businesses in brand iden-tity or product fundamentals. Van de Kamp's, a producer of frozen fish products, was acquired by Pilisbury in 1964 and had sales of about \$135m in the year ended 31 May 1988. Bumble Bee Seafoods, a pro-

ducer of canned seafoods, was acquired by Pillsbury last year and had sales of approximately \$283m for 1988. Grand Met is not disclosing the prices being sought for the two businesses but indus-try estimates for the two busi-

nesses are between \$300m Since GrandMet acquired Pillsbury it has embarked on the disposal of periphery businesses and rationalisation within the food manufacturing

and the Burger King busi-

Mr Allen Sheppard, chair-man of GrandMet, said at a meeting yesterday with institutions that in his view the acquisition of Pillsbury would prove as positive for GrandMet as the Liggett and the Hueblein acquisitions had done.

TAYLOR VOODROW

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COMMERZBANK OVERSEAS FINANCE N.V.

U.S.\$ 100,000,000 Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby-given that for the six months period from May 22, 1989 to November 22, 1989 the Notes will carry an interest rate of 10%. per annum with a coupon amount of U.S.\$ 511.11 on U.S.\$-10,000.— and U.S.\$ 2,555.56 on U.S.\$ 60,000.—

Frankfurt/Main, May 1989 COMMERZBANK In 1988 the group made very positive progressin all its operations. For the 28th consecutive year group results reached record levels, and we recorded a profit before sex of £103.3 million – up by 41% on the previous year's

We also achieved a strong growth in earnings per share during the year, which advanced by 37% to 41.7p per share.

The investment properties of the group were valued by Knight Frank and Rutley at £682.6 million, an increase of £161.3 million, and including a surplus on revaluation of £91.2 million. The properties owned and occupied by group companies were valued at £89.5 million, including a surplus on revaluation of £40.3 million.

The sustained improvement in the strength of the group's balance sheet continues to be reflected in the net asset value per share, which, at 31 December 1988, stood at 480.30.

An increased final dividend of 12p per share is recommended. Together with the interim dividend already paid, dividends total 15p per share - an increase of 43% for the full year.

Strength of property operations

A feature of the year's performance was the strength of our property operations, especially in the UK. We have assembled a substantial and valuable portfolio of quality properties and in 1988 we added significantly

The group's investment property portfolio has now grown to an extent which has enabled us to increase the volume of disposals. The resultant cash, together with prudent levels of borrowed money have been re-invested in new developments in order to provide for future growth. Net rental income from the group's investment properties advanced by 32% during the year to a level of £31.7 million.

Our contracting operations achieved increased UK profits but these were undermined by losses from two overseas contracts and from a related company in New Zealand. As usual, I stress the need to take a long-term view

Work is proceeding well on the many construction projects on which we are engaged. Good progress is being achieved on the construction of the service tunnels at the Channel Tunnel.

Important new construction awards, coupled with our success in turning round the fortunes of some of our formerly unprofitable companies give me confidence for the future progress of this vital part of our business.

Good year for housing operations

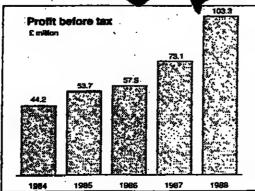
Our housing operations had a very good year and profits increased by 67% overail. The UK provided us with a strong market where we achieved sales of almost 1,000 homes and enjoyed substantially increased profit margins. We were very active in the USA and also in Canada where our Monarch subsidiary performed well. Our expanding operations in Spain and Australia indicate good prospects in these important markets.

Opportunities for future growth

I am optimistic for the future of your company. We consider the UK's economy to be soundly based and there are many opportunities for Taylor Woodrow's future growth. We see a number of possibilities in the single European market and have extended our associations with leading European contractors. Our property housing and Greenham companies plan to expand their existing businesses in Europe.

We have a loyal, dedicated, capable and experienced team in Taylor Woodrow which as always responded well to the challenges and opportunities of 1988. I would also like to extend thanks to all with whom we work; our clients, suppliers and subcontractors, and diverse technical and professional supporters and all others who have played a part in our record performance in the past year.





Highlights of 1988

	1988	1987 % increas							
Turnover	£1,260.1m	£902.2m	40%						
Profit before tax	£103.3m	£73.1m	41%						
Earnings per share	41.7p	30.5p	37%						
Dividends per share	15.0p	10.5p	43%						

Value of Investment Properties



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These Securities are dealt in strictly on a matched bargain basis. Helther Limited nor Granville Davies Limited are market makers in these securities

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ANZ McCaughan Securities (UK) Limited.

8 Lovat Lane, Lordon EC3R 88P Telephone OI-621 1212

Residential Property Securities No. 1 PLC £200,000,000

Mortgage Backed Floating Rate Notes 2018

The rate of interest for the three month period 22nd May, 1989 to 22nd August, 1989 has been fixed at 13.475 per cent, per amoun. Coupon No. 5 will therefore be payable on 22nd August, 1989 at £3,396.44.

per coupon.

Aggregate interest charging balances of Mortgages redeemed during the previous Interest Period: £11,229,972. nerest charging balances of Mortgages redeemed as at 21st May, 1989: £52,925,791.

The aggregate principal amount of Notes outs 21st May, 1989: £200,000,000. S. G. Warburg & Co. Ltd. Agent Bank

I.G INDEX LTO, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO May, 1784/1793 -19 May, 2148/2158 -21 Jun, 2493/2505 -9 Jun, 1796/1805 -20 Jun, 2162/2172 -23 Sep. 2528/2540 -10

Prices taken at 5pm and change Is from previous close at 9pm

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an offer or invitation to the public to subscribe for or to purchase any securities. Application has been made to the Council of The Stock Exchange for the 42,664,080 New Ordinary Shares and the 5,000,000 8,25p (net) Cumulative Redeemable Convertible Preference Shares to be issued to be admitted to the Official List. It is expected that dealings in these shares

ASHLEY GROUP plc
(Registered in England No. 421037)

Placing and Open Offer

ANZ McCaughan Securities (UK) Limited

40.164,080 Ordinary Shares of 5p each at 65p per share

5,000,000 8.25p (net) Cumulative Redeemahle Convertible Preference Shares

of 5p each at 100p per share

Share capital following the Placing and Open Offer

in Ordinary Shares of 5p each in 8.25p (net) Cumulative Redeemable Convertible

Preference Shares of 5p each

in Unclassified Shares of 5p each

The principal activities of the Ashley Group comprise the retail and wholesale distribution of food in Spain, and a merchandise distribution husiness operating in a

growth sector of the window dressings market, primarily in the United Kingdom.

Particulars of the Company are available in the statistical service maintained by

Extel Financial Limited from 25 May, 1989. Copies of the listing particulars relating

to the Company may be obtained during normal husiness hours up to and including

26 May, 1989 from the Company Announcements Office, The Stock Exchange, 46 Finsbury Square, London EC2, for collection only and up to and including

24 May, 1989

Notice of Redemption and Termination of Conversion Rights

KOMATSU LTD.

74% Convertible Debentures due June 30, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1975, as supplemented by a First Supplemental Indenture dated as of September 1, 1982 (effective as of October 1, 1982) between Komatsu Ltd. (the "Company") and First National City Bank (now Citibank, N.A. as "Trustee") under which the above-designated Debentures were issued, all of the outstanding Debentures have been called for redemption on June 30, 1989, at a price equal to 100% of the principal amount thereof.

The Debentures will become due and payable and, UPON PRESENTATION AND SUR-RENDER THEREOF (those Coupon Debentures to have all coupons appertaining thereto maturing after June 30, 1989) will be paid on said redemption date at Ciribank, N.A., 111 Wall Street, Corporate Trust Services, 5th Floor, New York, NY 10043, principal offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris and Citibank (Luxembourg) S.A., and the principal offices of I. Henry Schroder Wage & Co. Ltd. (London)

(Luxembourg) S.A., and the principal offices of J. Henry Schroder Wagg & Co. Ltd. (London). Banque Europeenne de Tokyo, S.A. (Paris), Kredierbank S.A. Luxembourg (Luxembourg). The Fuji Bank, Limited (London). The Bank of Tokyo, Ltd. (London) and The Sumitomo Bank, Limited (London), as the Company's Paying Agents. From and after said redemption date,

interest on said Debentures will cease to accrue.

Interest on said Debentures will cease to accrue.

Interest payable June 30, 1989 to holders of fully Registered Debentures shall be paid to the persons in whose names the Debentures are registered at the close of husiness on the Regular Record Date which shall be June 15, 1989 and said interest shall be mailed to the registered.

holders. If the holder does not elect to convert, coupons maturing June 30, 1989 should be

The Debentures called for redemption may be converted at the option of the holders thereof into Common Stock of the Company, American Depositary Receipts ("ADRs") or European Depositary Receipts ("EDRs") representing Common Stock of the Company at any time prior to. but not after, the close of business on June 27, 1989 at a conversion price of 332.10 Japanese

detached and presented for payment in the usual manner.

Compass profits in line with forecast at £12m

The largest divisional

increase came from the health-

STRONG SALES in its core catering contracting division and higher occupancy rates in its health care business helped lift taxable profits at Compass Group to £11.7m for the half year to April 2, an increase of 27 per cent, and in line with

The company, which came to the market in December, did not include contributions from its recent £16m health care acquisitions. Nevertheless, turnover was up by 24 per cent at £167m and earnings per share grew from 9.2p to 11.6p. There is a 3p (2.4p) interim div-

According to Mr Gerry Rob-inson, chief executive, the ser-vices division remained the main engine of growth. Profits Increased from £9.1m to

Factors in the improvement included huoyant demand and the continued elimination of marginal contracts. In the sixmonth period, around 15 such contracts were terminated. Contributions from Middle East operations were, however, halved to "a couple of hundred thousand in terms of profits as the group wound down its presence in the slowing mar-kets.

USM quote for

Beach, Propeller's parent, will have a 28 per cent stake.

Pre-tax profits in the year to

February 3 ware £703,000 on turnover of £9.45m. The his-toric p/e is 8.7.

Issued and to be

issued, fully paid £5,033,943 £250,000

Ashley Group plc, Kingsmead House, 250 King's Road, Chelsea, London SW3 5UE

Propeller

care division which saw profits rise 68 per cent to £2.5m. Mr Robinson said that this reflected a combination of higher occupancy rates, from about 40 per cent to about 60 per cent, and stable costs. The acquisition of Health Care Services, in February for £12.5m and of Winterbourne Hospital, in April for £3.7m, are not included in the accounts but will be recorded in the final results. Building services saw only an 8 per cent increase in profits to £1.3m. According to Compass, "this unflattering figure reflects contracting timing." Consequently it expects a more generous growth rate for the

whole year. The company's acquisitions added to its borrowings which now stand at £54m. Given a lower figure for shareholders funds, this implies that tha company continues to have a negative net worth. However, interest cover has increased to about five times.

O COMMENT Compass has steered along a steady bearing since the man-

agement bought it out from

yesterday's figures, which were exactly in line with forecasts, show it is staying on course. The company's current strategy is simple but apparently effective. Cash is generated through the core conjuget services. through the core contract services division and funnelled into the high-margin health care businesses. With the growth of private health care, and tax relief for health insurance coming in October, market growth should continue in excess of 10 per cent per ennum. In addition, hiatus at home for AMI and HCA, the two big US healthcare players in the UK market, means that Compass can snap up new hospitals relatively cheaply. The longer term strategy is for parity between health and services. Until this is reached, however, the former will provide a solid base with 98 per cent of the main catering contracting constants. tracting operating on a cost-plus basis and with continued expansion in demand. Pre-tax profits for the full year should reach £25m. Given the climh in share prices from 245p at flotation to 351p, this implies a multiple of about 14.5 probably near the top of their

Grand Metropolitan in 1987 and

New car sales help boost Frank Gates profit 20%

By John Thornhill

Propeller, a leisure wear specialist, is moving from the Third Market to the USM through an introduction hy FRANK G. GATES, the Ford main dealer, increased pre-tax profits by 20 per cent from \$2.02m to \$2.43m in 1988.

Of this pre-tax profit figure, \$150,000 (£125,000) was allocated to the company's profit sharing scheme.

Tunospre at the group based. Brown Shipley Stockhroking, capitalising the company at £6m. Dealings are expected to start on June 6. At the same time 6.19m shares are being placed at 480 each, representing almost half the equity, after which Corton

Turnover at the group, based Woodford, east London, climbed 13 per cent to £78.92m (£69.64m). The directors are proposing a dividend of 5.5p (4.25p) and a one-for-one scrip

and from used cars by 11 per

Mr Colin Giltrap, a New Zea-land car distributor who unsuccessfuly hid for the com-pany in the winter of 1986-87, retains a 22.6 per cent holding.

Minorco shuns **Gold Fields** meeting

UK COMPANY NEWS

By Kenneth Gooding, Mining Correspondent

MINORCO, the South African-controlled investment company, has decided not to send its representatives to send its representatives to Friday's board meeting of Consolidated Gold Flelds, the diversified UK mining group—the first to be held since Gold Flelds defeated Minorco's £3.5m hostile bid.

Minorco said yesterday it was reviewing all its options in relation to its 29 per cent

was reviewing all its options in relation to its 29 per cent shareholding in Gold Fields and would be considering its future approach at its own board meeting on June 15.

In the meantime, it would be singurgentiate? for its range.

"inappropriate" for its repre-sentatives - Mr Julian Olgilvy Thompson and Mr Neil Clarke

to attend the Gold Fields'
board.

However, Minorco dropped a heavy hint about what it would like to see discussed by Gold Fields' directors. It said yesterday: "This (Gold Fields) meeting will, in Minorco's view, have to consider major husiness Items arising from Minorco's frustrated offer, which will, no doubt, include which will, no doubt, include the timetable for early implementation of the performance guarantee to Gold Fields' shareholders — to which the Gold Fields' directors and advisers so publicly committed themselves."

Gold Fields yesterday was still not able to say when an extraordinary meeting

an extraordinary meeting would be held to consider the issue of a special preference

The extraordinary meeting would be held "without undue delay," possibly in July, Gold Fields said.

There was absolutely no question of the board abandoning the performance guarantee scheme, which provided an important plank in the final hid defence document, it

See Lex

Turnover fell slightly to

58.3m (58.9m), as did the cost of sales, which fell from £6.7m to £5.4m. Distribution costs

losses). Extraordinary debits amounted to £448,000 (£2.75m).

MONKS INV TRUST

Net asset value at Monks

Investment Trust improved to 324.5p at April 30, compared with 266.3p a year earlier. For the year to the end of April

net revenue came out at £3.72m, compared with £2.54m.

Earnings per share increased from 3.27p to 4.79p and the directors are proposing a final dividend of 3p (1.8p) to make

a total for the year of 4.5p (3p).

NAV rises

to 324.8p

also dropped to £93,000

Queens Moat buys George Washington Hotel for £11m

By Clay Harris

GEORGE Washington never GEORGE Washington Asle by Tomorrows Leisure of the 106-bedroom George Washington Hotel at Washington Wash New Town, Tyne and Wear, promises to have revolutionary consequences for the group's finances.

finances.

Tomorrows Leisure, a Third Market company in which about 40 per cent of the shares are owned by Business Expansion Scheme investors, sold the property for £11m to Queens Moat Houses, the fast-growing UK and continental Europe hotels operator.

hotels operator.
The disposal will eliminate Tomorrows Leisure's borrowings and leave it with a cash surplus of £7m. By comparison, surplus of E/M. By comparison, at yesterday's price of 78p, down 3p, the group's market value is only £9.4m. The shares rose sharply earlier this month when the group said it was negotiating the sale of a major accept.

Mr John Sanderson, chief executive, said the proceeds would be invested in existing operations such as snooker clubs and the 350-acre Fairlop Waters leisure park at liford, east London. Acquisitions were also likely, as Tomorrows Leisure intended to ranew its presence in the hotel sector.

The 10-year-old hotel has

conference and leisure facili-ties, including a nine-hole golf course. Tha new owner will rename it the Washington

Before management fees, depreciation and payments to directors, the hotel schieved operating profits of £634,106 on turnover of £1.9m in the year to March 31 1988. Mr John Bairstow, Queens Moat chairman, said his group expected the hotel to make £1m at the oper-

ating level in a full year. Because the disposal will increase Tomorrows Laisure's pro forms net assets per share to 82.9p, including 58.65p in cash, the company's sponsor,

40

Tomorrows Leisura

Share price (pence)

70

Guidehouse Securities, is recommending that Mr Sanderson now be granted share options which had been linked to the market price in 1991. Under the terms of the 1936 BES prospectus, these options over 1.14m shares (equal to

about 9.5 per cent of the cur-rent issued capital) would be granted if the shares had doubled in price to 50p by 1891. The proposed waiver, granting the options now but maintaining the 1991-93 exercise period, must be approved by share-holders.

Only a small proportion of Tomorrows Leisure shares are outside the hands of directors. who hold more than 50 per cent, and BES investors, who must retain their holdings for five years to avoid losing tax-relief.

F&C Eurotrust

F&C Eurotrust had a net asset value of 296.9p (224.6p) at par on March 31 and 276.2p (208.6p) fully converted.

Net revenua for the six month period showed a loss of £137,000 (£151,000) after tax of £26,000 (£10,000), for 0.75p (1,25p) loss per share.

Directors expect revenue for the full year to be not less than the £321,000 achieved last

News Digest

(£254,000).

LEEDS GROUP

Slack demand for products

Leeds Gronp, which has interests in textiles and finance leases, reported a fall in pre-tax profits from £2.13m to £1.43m in the six months to end-March 1989.

Demand for the company's products slackened as difficulties were experienced in the retail trade. Turnover fell from £14.4m to £13.1m and after tax of £505,000 (£749,000)

earnings per share worked through at 9.2p (14.4p). An unchanged interim dividend of 2.7p is being paid. The company said demand had improved and it was hopeful of an improvement in the second half.

WESTERN SELECTION Cable arm hits

first half result Reduced pre-tax profits of

£881,000 were announced by Western Selection, investment finance company, for the half year to March 31. The previous figure was £911,000. The interim dividend is

being held at 1.7p, whils earnings dropped slightly to 4.1p (4.37p).
Turnover advanced from

£7.51m to £8.23m. The cable producing subsidiary, Duratube & Wire, lifted sales by 9.5 per cent, but taxable profits were 15.2 per cent lower due to higher raw material costs, higher interest rates, new plant installation during the period and an overtime

Directors said the industial dispute there would affect the second half but orders enerally continued to be satisfactory.

ALEXANDERS HLDGS Advance despite

interest rates

A near 20 per cent improvement in pre-tax profits from £562,000 to £673,000 was nounced by Alexanders Holdings, Scotland's largest Ford main dealer, for the six months ended March 31.

Mrs Aleksandra Clayton in har first report as chairman said the result was achieved despite the rise in interest rates. It did, however, include the profit on the sale of properties in Edinburgh and Baillieston.

Turnover was slightly lower at £35m (£35.7m). After tax of £181,000 (£192,000) sarnings per 10p share advanced to 1.204p (0.902p). The company does not pay interim dividends.

profitability

In Fehruary, when it was announced that a conscritum was to subscribe in cash for

5.85m new ordinary shares (29.9 per cent of the enlarged

profits in the region of £435,000.

capital), the directors forecast

2745,000

Carpet yarn PETROCON GROUP boosts results Returns to

Petrocon Group, the supplier of equipment and services to oil and process industries. reported pre-tax profits of £449,000 for the year to end-December 1988 compared with a loss last time of

The continuing strong demand for contract carpet yarns helped Richards,

RICHARDS

Aberdeen-based textile concern, to increase pre-tax profits from £1.68m to £1.75m despite a fall in turnover to £38.43m in the six months to the end of March, against

the end of March, against £40.21m.
Earnings per share were 5.4p (5.55p) and the interim dividend is 1p (0.9p).

The company said that the performance of the carpet manufacturing companies was good but suffered a decline in demand. The IJK knitseer. in demand. The UK knitwear and shirt market remained

depressed as a result of cheap imports caused by the strength of the pound.

CITY SITE ESTATES After tex of £194,000 (£273,000 credit) earnings per 12.5p.share worked through at 1,94p (3.8p Rental income rises 72%

City Site Estates: Glasgow-based property investment and development company, reported lower taxable profit of £1.52m. sir months to March 31. The interim dividend has been raised to 0.8p (8.67p).

JUST RUBBER

Operating margins rise

Just Rubber pre-tax profits fose by 20 per cent to £825,000, against £689,000 on turnover up from £3.54m to £4.06m. The directors are proposing a final dividend of 1.65p (1.415p) making 2.45p for the year against 2.115p last time.

AUSTRALIA AND NEW ZEALAND BANKING. GROUP LIMITED Sterling Floating Rate Notes due 1997

accordance with the provisions of the In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 22nd May, 1989 to 22nd August, 1989 has been fixed at 13.25 per cent per annum, On 22nd August, 1989 hiterest of sterling 166.69 per sterling 5,000 nominal amount of the Notes, and interest of sterling 384.93 per sterling 25,000 nominal amount of the Notes, will be due against Coupon No. 19.

Swiss Bank Corporation Reference Agent

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£150 million Subordinated Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the three month period from 22nd May 1989 to 22nd August 1989 the Notes will bear interest at the rate of 13.225 per cent per annum.

Interest per £5,000 Note will amount to £166.67 and will be paid for value 22nd August 1989 against surrender of Coupon No 13.

Standard Chartered Merchant Bank Limited Agent Bank

GRAND METROPOLITAN PLC 烈震步

The ordinary shares are listed on the Frankfurt Stock Exchange

as from 24th May, 1989.

The listing has been sponsored by

COMMERZBANK

Dated: May 17, 1989

Yen per share of Common Stock. A cash adjustment equivalent to accrued interest for the period between January 1, 1989 through March 31, 1989 shall be paid by the Company for those Debentures converted during April 1, 1989 to June 27, 1989. At the Close of Business on JUNE 27, 1989 SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL DEBENTURES BEING REDEEMED.

By: CITIBANK, N.A.,

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FINANCIAL TIMES WEDNESDAY MAY 24 1989

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Where the best long-term policy is to wait

By Michael Dixon

HOW MUCH pay do you expect to be getting by the time you retire?

If the answer is more than £60,000 a year in terms of present day prices, and you are likely to be employed in Britain at the time, tomorrow week could well be a decisive day in your working life. For June 1 brings into force new measures put forward in the last United Kingdom Budget governing pensions for higher paid employees.

The crucial question for Brits aiming to better the SCO 000 figure adjusted in

£60,000 figure, adjusted in line with the retail price index, is whether they are apt to make a move of job that involves a change of company pension scheme. If they stay put or make

change within the next week, than provided the employer has an approved scheme set up before the Budget on March 14, all well and good. They can still look forward to a pension of up to two thirds of their final year's pay, however much it is, without being bitten by the taxman's newly fitted extra large teeth. They will be limited to a maximum employee's contribution of £9,000 a year at present prices. But if they can persuade the company to raise its contribution to compensate for that limit,

from doing so.

work alongside them after company's screme win be capped at an RPI-adjusted £40,000 yearly — two thirds of the £60,000 pay figure — with any additional provision made by the employer being

Ian Bowers, head of Willis Fabar'a pay consultancy branch, says the initial responses of employers awake to the problem seem

line with any counterpart engaged before June 1. by giving them extra pay to compensate for their pension disadvantage. But that, Dr

Bowers thinks, will prove painfully arpensive.

He also sees dangers in the other kind of response which is to make individual

there is nothing to stop it

Anyone who moves in to May 31, however, will be in a markedly different position. The newcomer's eventual pension under the selfsame company's scheme will be

So what are ambitious job-changers in Britain, and the companies wishing to recruit them, to do from tomorrow week onwards?

to fall into two broad kinds.
One is to bring recruits in

arrangements for the recruits to provide for themselves through one of the newer personal, executive or selfadministered pension plans. That could well generate not HOW DEPARTMENTAL DIRECTORS' PECKING ORDERS DIFFER BETWEEN COUNTRIES

Average psy of chief executives	United Kingdor	n	Aus £74,		Belgi £69.		Fran		Genr		Gree		Ital £72.2		Nether lands £60,463		Po ug		Sp. £65.		Swe £64.		Swi erla £96.	ind
		%	_,,	%	200,	%	_,_,	%	200	%		%		%	9/			%		%	~04,	%		%
Departmental	Marketing	64	Sal	62	Fin	66	Sal	64	Sel	65	Adm			62	Sel 7		ldm		Sal	69	Mkt	67	Sal	69
directors	Research	63	Mike	62		65	etkt		Fin	58	Pdn			62	Mid 8	_	in		Mikt	69	Sal	65	Pdn	63
ranked by	Production	63	Fla	56	BAKE .	63	Fin	60	Pdn			58	Pdn	60	Pdn 6		sh	73	Fin	68	Eng	65	Rsh	61
their average	Sales	62	Pdn	55	Pdn	61	Rsh	59	Mkt	55	Fin	58	Rsh	57	Eng 67	P	er	71	Pdn	66	Rsh	64	Mkt	61
pay as a	Finance	61	Per	55	Adm	61	Pdn	58	Rsh	54	Eng	58	Mkt	57	Rsh 64	P	ďπ	70	Adm	66	Adm	61	Fin	59
percentage	Admin.	61	Eng	54	Reh	60	Adm	56	Eng	54	Mkt	SS	Adm	57	Fin 64	. N	1kt	69	Eng	65	Fin	59	Eng	55
of chief	Engineering	60	_		Per	58	Eng	55	Adm	54	Per	53	Per	54	Adm 6	9	al	68	Rsh	63	Pdn	57	A4m	55
executives'	Parsonnel	53			Eng	57	Per	53	Per	50			Eng	54	Per 5) E	ng	68	Per	61	Per	54	Per	54
average pay	D-P	43			D-P	SI	D-P	36	D-P	42			D-P	43	D-P 58	D	P	54	D-P	54	D-P	52	D-P	48

In sterling at exchange rates prevailing at close of London markets on May 19 1989

only administrative horrors for the company, but had hlood among staff rewarded in widely varying ways for doing similar jobs. In Ian Bowers's view, a

better response than either is to do nothing for the time being - other than in the employer's case to give, and in the recruits case to obtain a written guarantee that the company will ensure they will be no worse off for pension-type benefits than

counterparts engaged before.

"The question of how to keep the promise is best left until the Government issues guidelines on the changes. probably in December." he said. "Acting before then is likely to end in repentance at leisure for a very long time."

Values

NOW to tha table above which gives an indication of how the various managerial fuoctions are valued by companies in different lands. It comes from the same source as the European top-executive pay league that I published last week - the survey of 1.087 companies in 17 countries made early this year by the Wyatt group's Executive Compeosation Service consultancy.

Yet again I have room for only a dozen of the countries. Any reader wanting more information from the study should contact Paul Curley of ECS whose address is 273 Avenue de Tervuren (Box 4).

1150 Brussels, Belgium; tel (02) 7719910, fax (02) 7623743. The table shows the pecking order of the various types of specialist directors employed by the companies surveyed in each of the 12 lands. The directors are ranked by their average total rewards received in money -salaries plus bonuses and so on - stated as a percentage of the average total money rewards of chief executives

London closing rates, is shown above the rankings. Alas, the pecking order for Switzerland contradicts my comment last week that Swiss employers typically value beads of personnel

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9.71 m

in the same country. How

much the chiefs average, in sterling at last Friday's

more highly than companies do in other lands. I based the comment on raw average pay figures, not weighted in line with differences in the extent of directors' responsibilities. When those differences are takeo into account personnel beads in Switzerland rank lower than anyone but data-processing directors, as they also do in the UK and five other countries of the 12.

Indeed, the only land where they figure in the top half of the order is Portugal. But it seems a fair bet that their stock will rise as sbortages of recruits in train of reduced birth-rates start to bite - and not only in West Germany, Italy and the UK most directly felt

City Merchants Bank Limited

Senior Manager — Property Lending Division

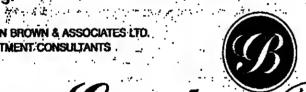
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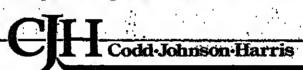
marketeers will require a spirit of close co-operation marketeers will require a spirit of close co-operation tempered with the ability to stand one's own ground and people management skills or the personality best suited to acquire them, are equally important. Career prospects are first class and the salary/benefits package is unlikely to disappoint. Ref: A1681.

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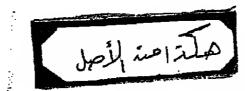
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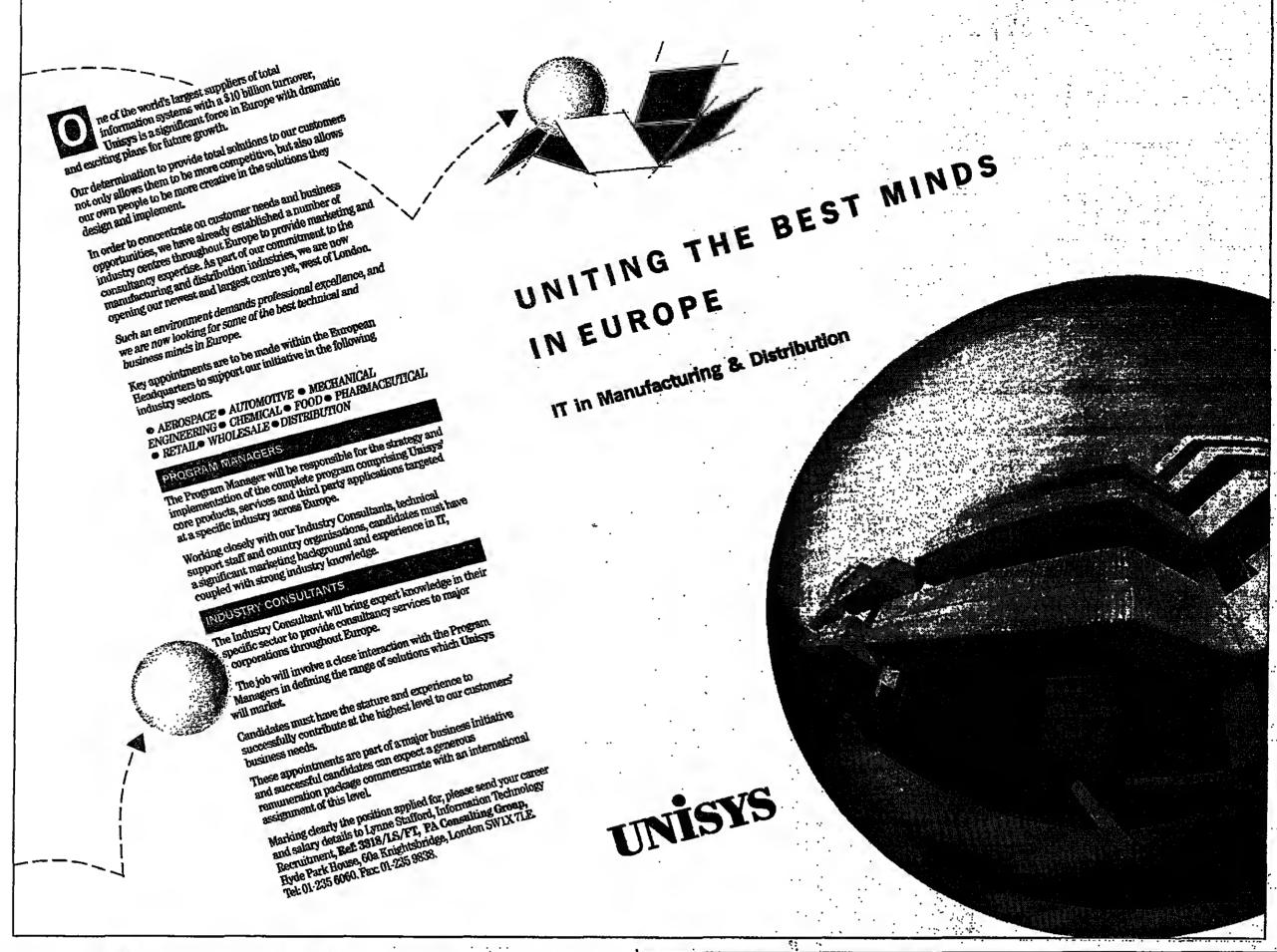
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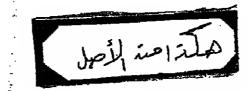
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The department now seeks high calibre individuals at both assistant manager and executive level.

aged 24-30

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In return, we offer a competitive starting salary and benefits include a mortgage subsidy scheme (depending on age and experience), non contributory pension, 20 days annual leave and BUPA.

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1983

Price fall puts gold profits under pressure

Gold Supply and Demand in the Non-communist World

1,293 402 (145) 474

(tonnes)

By Kenneth Gooding, Mining Correspondent

NEARLY 20 per cent of non-Communist world gold output is currently being produced at a loss, according to Consolidated Gold Fields'

annual study of the market.
The gold price this week touched the lowest level for 33 months and Gold Fields suggests: "The lower price already is beginning to pose problems for some of the highest cost producers. Further weakness could ouickly be translated into falling production levels in some countries."

The study says South African output is particularly vul-

The author, Mr George Milling-Stanley, points out that average westero world gold mining cash costs increased by 5.5 per cent from \$236 a troy ounce in 1987 to \$249 an ounce last year. At the same time the average price of gold fell by 2.2 per cent in US dollar terms, from an average of \$446.53 an ounce to \$436.83. So far this year the price has averaged

However, in South Africa cash costs rose by 6.2 per cent to \$275 an ounce. "At least five mines accounting for some 38 tonnes of gold (a year) incurred operating costs which exceeded the reveoue earned from their gold production," the study

"A further seven (South Afri-can) mines, yielding some 60 tonnes, operated at costs uncomfortably close to the revenue earned. Taking into account total costs, including replacement plant, machinery and spares, several other

mines were unprofitable."
Mr Milling-Stanley says the
South African industry

remains very labour intensive and the rapid increase in wage

Net implied investor nvestment) in Europe and North America' settlements in recent years has had a particularly adverse impact on costs. The devalua-tion of the South African cur-

identified bar hoarding outside

The study also suggests there is a growing debate between central bankers in the industrialised countries of Europe and North America and those in the developing nations, particularly in the Far East, about the place of gold in

rency has not been sufficient to offset the effect of rising

The first group often holds more than half its reserves in gold and is begining to feel the need for greater flexibility to operate in foreign exchange

"It is thinking along these lines which has led for example to the big sales throughout most of the 1980s from Canada and the disposal in the opening months of 1989 of 10 per cent of the Belgian gold reserve," the study says. The Bank of Canada reported the sale of 43 tonnes of gold last year.

In contrast, the newly industrialising countries of Asia boosted their purchases of gold to such an extent that the net result of transactions by central banks and other govern-ment-controlled monetary and investment organisations last year was to remove about 270 tonnes from the private sector markets in the non-Communist

This was almost four times the purchases by the sector during 1987 and represents the highest level of official purchases since 1981, according to

Chases since 1981, according to Gold Fields.

Taiwan was the leading (and much-publicised) buyer, adding 181 tonnes of gold to ito reserves last year on top of 65 tonnes bought in 1987. This helped to raise the gold content of Taiwan's reserves to about 8 per cent abont 8 per cent.

Mr Milling-Stanley says gold loans and forward sales had a profound influence on the supply of gold to the market last year. They represented by far

the largest element in the additioual supply of more than 450 tonnes which was required over and above the gold drawn from conventional sources in order to satisfy the exceptionally high demand.

(72)

(176)

1.162

It is estimated that at least 150 tonnes of additional gold was released into the world market during 1988 as a result of gold loans. Repayments of older loans reduced the total hy only about 20 tonnes last

The study anggests, however, the peak of gold loan and forward sales activity might

Gold Fields says the other main features of the gold mar-ket in 1988 included: Total supply of gold to the non-communist private sector fell by nearly 10 per cent to 1,850 tonnes.
Mine production continued

to increase, reaching 1,538 tonnes, the highest level ever recorded. Net sales from the commu-

Auditors doubt commitment to EC agri-monetary reform nist bloc and supplies of old gold scrap were both lower than the year before. Total fabrication demand

By Tim Dickson in Brussels

STRONG DOUBTS about the European Community's commitment to phase out its notorious agri-monetary system by 1992 have been voiced in an important new report pub-lished today by the EC's Court of Auditors.

jewallery grew by almost 30 tonnes, including scrap. Consumption of newly-mined gold The review, written by the EC's main financial watchdog, in jewellery was also a record highlights hidden budgetary and 40 per cent above the 1967 level at 1,233 tonnes. costs, potential trade distortions and the much publicised Demand for gold in indusscope for fraud in areas like the border between Ireland and trial applications rose to the highest level since 1979, to 258 tonnes, in line with the growth Northern Ireland. It also points out the way in which EC Farm in world economic activity. Ministers have been able Gold used in the minting of repeatedly to undermine attempts at common price official coins fell to 139 tonnes, Sales were halved at 102

Identified bar hoarding outside of Europe and North American registered spectacu-lar growth at 474 tonnes, easily

rose by 16 per cent to a record

1.844 tonnes, absorbing virtually all the conventional sup-

Demand for fabrication into

Total demand exceeded conventional supplies by 468 tonnes. This shortfall was met by accelerated supplies in the form of a hig increase in gold loan activity and forward selling by producers, together with some disinvestment in Europe

and North America.
Locking ahead, Mr Milling-Stanley suggests: "The possibility of any substantial fall in the (gold) price is limited by the continued high levels of demand in the Far East, while any significant upward move. any significant upward move-ment could be expected to be moderated by accelerated selling by producers, in the form of both forward sales and addi-

tional gold loans."
Gold 1989: Free from Consolidated Gold Fields, 31 Charles II
Street, London SW1 Y 4AG.

tory amounts (MCAs) bridge the gap between green and market exchange rates and are applied at the Community's internal and external frontiers to minimise the impact of the green rate system on agricul-tural trade flows.

restraint with the open collu-sion of the European Country

Of most interest to Brussels and the member states, how-ever, is the attention the report ever, is the amention the report focuses on a system which yields different national price levels for agricultural products within the community and which is "therefore not com-patible with the single market objective"

objective."
Without progress towards economic and monetary con-vergence, agreement on a genuine common price level for EC agriculture and a reduction in the role of EC support mechanisms in determining market prices, it concludes, "the objective of complete and lasting abolition of the agri-monetary system will be difficult to achieve."

The agri-monetary system is based on the artificial exchange rates — known as "green" rates — used to con-vert Ecu denominated EC agricultural prices into national currencies. Additionally, so-called monetary compensa-

The main criticism of the report centres on the "switchover" mechanism intro-duced in 1384 as a means of overcoming the difficulty of dismantling "positive" MCAs in Germany and the Netherlands during a period when price increases in the Ecu were severely restrained. The effect of that would have been to reduce prices in terms of national currencies. By re-basing the system on the DM, however, the effect has been to raise the common price level in line with the strongest currency in the European Mone-tary System, and secondly to widen the gap between agricul-tural and market exchange

rates.

"If at some time in the future all the gaps have been removed, the green rates will still not be aligned with real suchange rates. Unless, however, the Community is willing to accept a reduction in national currencies it will be necessary to increase the common prices in Ecu. At this point the increase in the common price level, caused by the switchover mechanism, and largely hidden at the present time, will become appar-

The Court's report is particuiarly critical of the fact that these price increases generated by the "switchover" are not decided openly by the Council of Ministers but arise as a con-sequence of the appreciation of

It is also concerned that the EC budget does not identify clearly the full impact of the

system, partly because green rates are used when the payments are made to beneficiaries and market rates when the payments are recorded in the accounts. For 1987 the court estimates that the total budgetary impact (direct and indirect) was almost Ecu 1.6bn (£1.05bn) for

the 10-month hudget year or 7 per cent of total spending on farm price support, compared with the Ecu 687m. actually On trade distortions, the report cities a number of exam-ples including the practice of loading goods at Antwerp in Belgium and sailing them along the Scheldt to Vlissingen

in the Netherlands where

higher export subsidies can be obtained. Frauds and irregularities involving MCAs, meanwhile, can occur in both intra-Community and third country

trade.
A total of 142 cases involving an estimated Ecu 115m have been reported by member states, out of which 58 concern the UK (almost all of them relating to problems on the Irish border), in one instance a "carousel" arrangement was stopped where animals were found to be crossing the border several times to pick up the

"As long as such (agri-monetary) disparities exist it is inevitable that there will be a degree of fraud, probably only the most blatant of which will be detected," the report

Britain's CAP spending below budget

By Bridget Bloom, Agriculture Correspondent

BRITAIN SPENT £379m less on common agricultural policy snpport in 1988-89 than was provided for in the supply estimates, Mr John MacGregor, the Minister of Agriculture, has said in reply to a parliamentary question.

The largest savings were on

intervention purchases of cereals (£147m) following two relatively low cereal harvests and

on butter (£107m) following changes to the milk regime. However, according to a report published this week by the House of Commons Select Committee on Agriculture*, the ministry believes that should IIK careel yields return should UK cereal yields return

to 1984 levels, intervention purchases would cost an extra Last week a Home Grown Cereals Anthority survey of UK wheat plantings showed a record 2.08m bectares, up from 1.88m in 1988, although barley plantings were down. The HGCA noted that, if 1984

yields prevailed, Britain's cereals crop could reach the record level of 26m tonnes this year.
*Second Report: Public Expenditure White Paper 1989; £3.60. HMSO

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in ANTIMONY: European free

market 99.6 per cent, \$ per tonne in warehouse, 1,900-1,940 BISMUTH: European free market, min. 99.99 per cent, \$

per lb, tonne lots in warehouse, 5.90-6.20 (6.00-6.25).

per lb, in warehouse, 6.85-7.00 (same). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.40-7.60 (7.30-

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 250-260 (250-270).

MOLYBDENUM: European CADMIUM: European free dic oxide, \$ per lb Mo, in waremarket, min. 99.5 per cent, \$ house, 3.68-3.75 (3.65-3.70).

Close Previous High/Low

ICCO indicator prices (SDRs per tonne). Dall

Close Previous High/Low

744

Turnover:5800 (8022) lots of 10 tonnes

ice for May 19 965.11 (930.96) :10 day

COCOA E/tonne

price for May 19 305.... for May 22 928.88 (925.96)

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 6.70-7.40

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 51-64 (53-65). VANADIUM: European free

market, min. 98 per cent, \$ a lb VO, cif, 7.40-7.70 (8.00-8.40). exchange value, \$ per lb, UO, 10.70 (same).

ma, 99.7% purity (5 per tonne)

Copper, Grade A (£ per tonne)

Silver (US cents/line

Cash 518-21 30 June 524-7

Lead (£ per tonne

Cash 405-7 3 months 395-6

Nickel |\$ per tonne

Cash 12400-500 3 months 12100-200

Zinc, Special High Grade (S per to

1750-60 1635-45

2160-5 2030-2

12600-700 12375-400

Winnipeg exchange adds barley to its futures list

WORLD COMMODITIES PRICES

(Prices aupplied by Amalgamated Metal Trading)

1625-7

1640-50

AM Official Kerb close Open Interest

Ring turnover 16,525 tonne

Ring turnover \$1,275 tonne

34,303 lots

73,488 lots

Ring turnover 0 ozs

10,364 lots

11,161 lots

Ring turnover 1,346 tonne

Ring turnover 14,500 tonne

12050-150 7,733 lots

By David Owen in Winnipeg

THE WINNIPEG Commodity Exchange today launches a futures contract in western barley, in a bid to raise to-seven its stable of active grain and oilseed contracts.

Though the event is primarily of local significance - the majority of users are expected to hale from the province of Alberta - the new contract has attracted interest from much further afield. This is due to the novelty of its planned delivery mechanism.

Instead of squaring their accounts by picking up from or delivering to a specified delivery point when each contract month expires, net "longs" and "shorts" will be matched by a contral clearance accounted. central clearance association.

Physical delivery will then be made direct to individual feedlots, with the buyer paying

has a delivery mechanism that can take place over an area as large as sonthern Alberta", says Mr Robert Purves, the WCE president.

Initially, only the August and November delivery months will be listed. Subsequent contracts will be added, exchange officials state, after any teeth-ing problems with the delivery mechanism have been over-

A prior attempt to tap Alberta feed barley trade failed because of the prohibitive cost, of delivering grain to a speci-fied inland terminal, During the seven months to February, WCE volume was up 16 per cent from year-ago levels at 949,000 lots, with canola (oilseed rape) futures accounting for close to 50 per cent of the total.

mind, this is the only futures ola and rye traded more contract in the world which actively than in 1987-88.

US MARKETS

IN THE METALS, gold and silver prices

rebounded slightly on scattered short

covering, reports Drexel Burnham Lambert. Fund selling alected stop

orders in the copper dropping prices
195 basis July. Platinum futures fell
sharply when an early rally falled to
keep prices above the \$500 level. in

was friendly for tha belly market

also gained from the improved

helping prices advance. Cattle futures

eased on bearish pressure from the

featured a modest rally in the soy

complex from local evening up and

light commercial Interest Rains are

cold storage report. The grain markets

estocks, the cold storage report

ent of feedlot cattle. Hog futures

US grain traders watch the weather

By Deborah Hargreaves in Chicago

CHICAGO'S GRAIN markets hovered uncertainly yesterday as farmers across the cornbeit finished their spring plantings

and traders eagerly watched short-term weather forecasts. "This market is going to be unsure and focused on weather; for quite some time now," said Mr Bud Frazier with Chicago brokerage, Balfour Maclaine Grain prices had tumbled on Monday after storms swept the combelt and the dollar surged

against other currencies. The markst recovered. The markst recovered slightly yesterday in response to some shortcovering and a hittle more strength in the US currency. But the outlook for maize prices this summer remains open.

Although farmers are cur-rently facing favourable weather conditions for the uze crop that is already in the ground, any prolonged dry spell in the next."

couple of months could prove disastrous. After last year's drought, sub-soil moisture reserves are not high enough

reserves are not ingn enough to sustain the crop through a dry June or July.

"Our biggest concern is that sub-soil moisture west of the Mississippi is at half of its normal capacity or less," says Mr Bob Wisner, an economist at Iowa University. Maize usually rets about a third of its moisgets about a third of its mois-ture needs from the sub-soil. Ironically, while most of the fronically, while most of the farm belt struggled to recover from last year's drought, Ohio and Indiana faced unusually cold and well weather this spring. This has delayed plantings in the two states so that Ohio has only a third of its water compalarited.

maize crop planted.

The next month is a critical time when the young maize Wisner estimates that farmers which, if conditions are ripe, could provide a bountiful harvest. But, if there is a dry patch, we could face the tigh-test supply of maize in recent

Maize stocks have been run down over the winter by a high level of sales to the Soviet Union, which has turned to the US after Argentina - its traditional spring supplier - suf-fered drought problems with its crop. At around 15m tonnes, Soviet purchases of US maize are approaching a record set In 1984-85

This leaves traders hypersensitive to any weather news that could tip the balance for the new crop. Chicago's grain markets are likely to see wide swings through June as players assess the progress of this Chicago's traders remain have planted 6 to 8 per cent extremely nervous.

LONDON MARKETS

ALUMINIUM prices tal) sharply agein yesterdey on the LME, cash matal shedding \$102.50 to \$2.060 a toppe efter Monday's Iall of \$127.50. Traders said the main depressing influence wes Monday's infamational Primary for Apri), showing a further 200 tonnes per dey Incraase over March. Th)a reduced concern about a possible Nickel was also in retreat. Dealers said the current downtrend showed no sign of ending. Coffaa prices tumb)ed amid eni that there was more then eufficient supply for delivary against nearby May. Dealers said trade house holding long positions in near Mey ued to liquidate eggressively. May fall to a small discount to July. compared with a premium of almost £300 a couple of weeks ago.

\$14.85-5.00v \$17.65-7.80q \$19.08-9.13v rine CIF) \$238-241 \$144-146 \$86-87	+ .425 + or
\$17.65-7.80q \$19.08-9.13v nne CIF) \$238-241 \$144-146 \$86-87	+ .425 + or
\$238-241 \$144-148 \$86-87	-5
\$144-146 \$86-87	
\$86-87	
	-1
\$178-17B	+3
_	
	+ or
\$384.50	+ 4.25
526c	+ 12
	+4.75
	- 132.5
	-10
510240	-10
27.30r	+0.15
469.75c 85³₃c	-0.25
117.76p	-0.49*
	-40.11
64.03p	-210*
	-9.8
	-1.5
5237.5	-7.5
£104.0w	-0.5
	-0.5
£129.25u	-0.60
	-1.00
	-1.25
	-1.25
	-4.5
	-7.5
	-5
	-0.25
	-0.25 -5
- · · · · ·	
	_
i. u-Jun/Jul.	g-Jun
n. 1Meal C	Simmo
	525c \$148.90 \$148.90 \$2090.0 \$2090.0 \$239_125c \$30.5c \$70c \$510240 \$27.30r \$469.75c \$853_c \$117.76p \$29.56p \$4.03p \$293.6u \$227.5 \$1024.0w \$132.5 \$129.25u \$55.00p \$2.75p \$24.5m \$5582.5c \$1420 \$370 \$196 \$7.65c \$310p \$24.5m

terdam. 🛖 Butilon markat close. m-Malaysian

		o aigir		01036	LIGAIDIT	LINGUACON
of ending. Coffaa price	es tumb)ed	amid	May	1187	1268	1250 1185
aentiment that there w			Jiy	1195	1230	1225 1191
eufficient supply for de			Sep	1165	1184	1173 1154
			Nov	1145	1160	1154 1135
nearby May. Dealers			Jan	1135	1155	1150 1138
holding long positions	in near M	ey	Mar	1141	1155	1140
continued to liquidale	eggressive	ely.	May	1141	1155	1140
May lall to e small dis						
compared with a prem £300 a couple of week	nium of alm		ICO in May 2	dicator pr	daily 118.3	5 tonnes enta per pound) fi 7 (116.12) : 15 da
SPOT MARKETS			SUGAL	R (S per to	กกส)	
Crude oil (per barrel FOB)		+ or -	Raw	Close	Previous	High/Low
Dubai	\$14.85-5.00v		Aug	258.60	261.2	263.20 257.60
			Oct	255.60	258.8	280.60 255.40
Brani Blend	\$17.65-7.80q \$19.08-9.13v		Dec	254.80	257.4	256.00
W.T.I. (1 pm est)	213.U0-9.13V		Mar	247.80	251.0	253.20 247.80
Oil products			May	247.40	250.0	252.00
NWE prompt delivery per to		+ or -	White	Close	Previous	Hìgh/Low
Premium Gasoline	\$238-241	-5	Aug	344.00	347.00	352.00 344.00
Gas Oil	\$144-146	-1	Oct	325.50	329.00	330.00 325.00
Heavy Fuel Oil	\$86-87		Dec	320.60	325.00	
Naphtha	\$178-178	+3	Mar	307.00	310.50	313.50 308.00
Petroleum Argus Estimates			May	305.00	308.60	310.50
Other		+ or -	Aug	304.00	306.50	306.50
Gold (per Iray oz)	\$384.50	+ 4.25				lots of 60 lanner
Blive: (per troy oz)	526c	+ 12		1609 (1721)		
	\$497.50	+ 4.75	Paris- \	White (FFr	per tonne):	Aug 2355 Oct 222
Platmum (per troy 02) Pelleälum (per troy 02)	\$146.90	+ 1.40	Dec 21	57, Mar 20	166, May 20	77 Āug 2070.
			~~		!	
Aluminium (Iree market)	\$2090.0	-132.5	CHULI	t OIL \$/ba	7781	
Copper (US Producer)	1235g - 125c			Close	s Previou	ss High/Low
Lead (US Producer)	38.5c					
Nickel (free market)	570c	-10	Jul	17.17		17.27 16.90
in European free market)		-10	Aug	16.76		16.78 16.55
fin iKudia Lumpur markofi		+0.15	IPE Ind	ex 16.76	17.30	
fin (New York) Zinc (US Prime Western)	469.75c 85¾c	-0.25	Turnove	sr: 4941 (6	650)	
		- in-	OAS C	L S/tonne	<u>.</u>	
Cattle (live weight)†	117.76p	-0.49*				
Sheep (dead weight)†	229.66p	-40.11°		Close	Previous	High/Low
Pigs (livo weight)†	64.03p	-2.10°	Jun	140,75	140.25	141.75 140.25
ondon daily sugai (raw)	3293 6u	-9.8	Jul	138.73	138.25	140.60 138.50
ondon daily sugar (white).	\$355 5u	-1.5	Aug	139.00	138.25	140.60 138.75
ate and Lyle export price		-7.5	Sep	139.50	138.75	
			Oct	141.60	140.00	140.75 139.60
Barley (English feed)	£104.0w	-0.5	Nov		140.00	141.75 141.00
Meize (US No. 3 yellow)	£132.5	-0.5		141.50		143.60 141.50
Wheat (US Dark Northam)	£129.25u	-0.60	Dec	142.00	142.50	143.75 142.00
Rubber (spot)♥	55.00p.	-1.00	Turnove	er 6239 (6	194) tots of	160 tonnes
juppat (Jau) A	62.75p	-1.25				
		-1.25				
Rubber Juli 🖤	62.75p					
Ruober (KL RSS No 1 Jun)	284.5m	-4.5	JUTE			
Coconul oil (Philippines)§	5592.5z	-7.5				TC \$510,BWC
alm Oil (Malaysran))	\$420	-5				and Antwerp
Copra (Philippines)§	5370	-] BTC 5	485. BWC	\$475.BWD \$	\$430,8TD \$440.
			,			
Soyabeans (US)	£196	-0.25	1			
Cotton "A" Index	77.65c		1			
Noaltops (64s Super)	610p	.5	COTT	ON		
a jonne unless otherwise	stated, p-pai	nce/kg.	Livers	ool-Spot e	ind shipmer	n sales
-cents/lb. r-ringgit/kg. v-Ja			атто	unted to 2	00 lonnes, i	eringing the total
			for the	week so	far to 540 to	nnes. Fair
-Jun/Sep. w-Aug. z-May/J					ed mostly in	American type
(on average latstock price	•		variet	69.		
veek ago. 🎔 London physic	al market. §C	JF Rot∙	1			

3 monu		40	1023-30	1000/1030	
Zinc (\$	per lonne)			
Cash	1610-		1604-8		
3 mont			1565-6	1575/1535	
POTAT	OES Ertor	nne.			
	Closa		Waha		_
		Previous			3
Nov Feb	97.0 110.0	97.5	36.0 \$6.0		3
Apr	177.4	110.0 179.0	179.0 174.0	0	9
May	191.0	193.0	190.0	-	2
Turnov	er 342 (66	3) lots of	40 tonnes.		1
		AL E/tonne			Ċ
	Close	Previous		 .	_
Jun Aug	160.50 148.50	152.00 145.00	150.50 146.50 146		(
Oct	145.66	148.60	145,50 145	.00	i
		9)lots of 2			ξ
FREEZE			ndex point		į
	Close	Previous	High/Low		ŀ
May	1678	1895 1525	1695 1675		c
Jun	1511 1402	1525	1619 1601		N
Jul Oct	1480	14C3 1501	1412 1388 1500 1480		
Tau Orr	1513	1520	1505		
Apr	1535	1549	1540 1536		8
Jul 861	1335	1335			8
	1722	1730			3
Turnove	r 399 (36	<u> </u>			8
GRAIN	S Extenne				1
Wheat	Ciose	Previous	High/Low		
May .	113.75	114.50	114.00 113	75	
Jun	114.00	115.00	114.30 114		
Sep	104,45 108,50	104.85			9
Nov		107.05	108.90 108	.50	Ş
Jan Mar	109.50 112.60	110.15 113.15	109.90 108. 112.70		
May	115.75	116.30	116 00		1
Bartey	Close	Previous			1
					_
May	109.25	108.25	109.25 108.	.25 (C
Sep Nov	102.65 105.80	102.90 105.85	102.75 105.65 105.	nn :	2
Jan	108.50	108.75	108.60		ž
Mar	111.35	111.50			2
Mey	112.85	113.60			
Turnove	r: Wheel	270 (75).	Barley 60 (72	a	
		100 Ionne:			Ĺ
PIGS (C	ash Settie	ament) p/k	<u></u> _	— ;	
- 1 10				:	_
	Close	Previous	High/Low		ľ
Jun	110.5	111.0			
Aug Oct	109.0 1 12.0	109.5 112.5	108.2		1
Nov	113.5	114.0	11 f. 0	ī	C
Feb	108.0	109.5			7
Apr	109.0	110.0			ĺ
$\dot{-}$		lots of 3,2	KO ka	{	
·	. 30 (10)		~~ ~y	•	

n onths	1610-1 1500-1		604-8 565-6	1575/1535	1600-05 1553-8	1585	-78	10,52	8 lots
TATO	53 Efter	ne enr		·	LONDON BU	ILLION B	ARKET		
	Closa	Previous	High/Low		Gold (fine oz)	\$ price		Pagus	raient
	97.0	97.5	96.0 96.0		Close	36414-38	44	231-231	2
	110.0 177.4	110.0 179.0	179.0 174.0		Opening	302-302	2	229-225	12
, ,	191.0	193.0	190.0		Morning fix Atternoon fix	363.40		230.00	
OVET	342 (66	3) lots of 4	IC tonnes.		Day's high	365-3651		230.477	
ABEL	an me	AL E/tonne			Day's low	36214-36	34		
	Close	Previous	High/Low		_				
	160.50	152.00	150.50		Coins	S price		£ equiv	wient
	148.50 145.66	145.00 148.60	146.50 146.0 145.50 145.0	20 30	Mapleleaf	375-380		237 12-2	40h
		9)lots of 20			Britannia	375-380		23712-2	40½
		RES \$10/in			US Eagle Angel	375-380 375-380		237 2-2	
	Close	Previous	High/Low		Krugerrand	363-366		230-232	. ~
	1678	1895	1695 1675		New Sav. Old Sav.	854-864		544-60	
1	1511	1525	1619 1601		Noble Plat	499,75-60		54 \ -88 316,304	
	402	1403	1412 1388						
	1480 1513	1501 1520	1500 1480 1505						
1	1535	1549	1540 1535		Silver fix	p/fine oz	!	US cts	equiv
	335	1335 1730			Soot	322.90		510.00	
	722				3 months	333.80		522,40	
	399 (36)			6 months	345.45		535.30	
	Storing				12 months	367.30		560.15	
	Close	Previous	High/Low						
. 1	13.75	114.50	114.00 113.7		LONDON MET	AL EXCH	ANGE 1	RADEO	OPTIC
	14.00 04.45	115.00 104.85	114.30 114.0	N	Alumbhum (9	7941	Čalis		Puts
1	06.50	107.05	106.90 105.5						
	09.60	110.15	109.90 109.7		Strike price \$	tonne Ju	J Sep	Jul	Sep
	12.60 115.75	113,15 116,30	112.70 116.00		1850	22			68
				<u> </u>	1950	21		48	115
	Nose	Previous	High/Low		2050	95		96	176
	09.25 02.65	108.25 102.90	109.25 108.2 102.75	5	Copper (Grad	e A)	Calls		Puts
;	UZ-60 05.80	102.90	102.75 105 65 105.0	0	2500	11	7 134	71	118
1	08.50	108.75	108.60		2900	70		123	173
	11.35	111.50			2700	38	61	190	239
	12.85	113.60		 . •					
		270 (75), 8 100 ionnes.	lariey 60 (72).	٠.	LONDON FOR	TRADE	OPTIO		·.
		ment) p/kg			Coffee	Ju			Sep
	lose	Previous	High/Low						
	10.5	111.0			1150 1200	38 25		47 84	73 160
	10.5 09.0	111.0	108.2		1250	23 13	48	122	133
1	12.0	1125	111.0						
	13.5	114.0			Cocca	- Ju		Jul	Sep
	08.0 09.0	109.5 110.0			700	65	•	2	7
					750	38	48	15	21
over &	SS (16)	loss of 3,25	w kg		800	7	23	44	48

010-20	'	11, 10	1 1000	tore	Casted K	or the mic	1-west gr	owina	
Aing	Tumov	rer 15,	260 tonne	regio	ons. Cor	n and wh	eat future	es close	a
585-76		10.52	8 lots	near lo th	ty uncha	anged att	er quiet d lees slipp	leatings	s.
				new	out of	Brazil, bu	t firmed	no pate	ė.
				00 8	peculativ	ve buy)no	. Cocoa v	Was	
				lowe	r tollow	ing e wes	k London	marke	d
I MAI	KET			Lack	of fresh	buying r	oushed st	loar	
*	٤	equiv	alent	price	s down.	. The ene	rgy comp e activity	lex.	
-364 4		\$1-251		crud	e oil cio	sad neer	the \$19 k	- July	
212		29-229 30.00	4			000 17001	710 A12 V	ovel.	
		30.477		No	W Y	ark			
5512						V. n.			
-36314	•			GOLD	160 troy	oz.; S/troy o	z.		
					Close	Previous	High/Low		_
		edniv		May	363.6	363.2	0 .	0	
30 30		37 2-2		Jun Jui .	384.3 385.9	-363.7 -365.3	367.5	363.5	
90 90	9	371 ₂ -2 371 ₂ -2	401-	Aug .	367.2	366.7	370.5	367.0	
30	. 2	27 2-2	40 ¹ 2	Oct	370.8	370.3	373.0	370.9	
56 96%	2	30 232		Dec	374,4 378,0	373.9	377.5	374,1	
36 L	5	44-65		Apr	381.8	381.2	379.5	378,1	
-607.7	70 3	16.30-	21,36	Jun	386.7 -	386.0	389.5	385.5	
	-	٠.		PLAT	NUM 50 t	roy oz. S/tro	y oz		-
QZ	U	IS cts	equiv	-	Close .	Previous	High/Low		_
,	5	10.00		Jul	489.2	498.3	502.0	482.5	
	5	22.40		Oct	491.2	498.3 500.0	501.5 503.0	484,0 488,0	
j		35.30 60.15		Apr	494.5	603.3	505.0	492.0	
	_			SILVE	F 5,000 pr	OY OZ; CENTE	s/troy oz.		-
CHAN	OE TR	Abulto	OPTIONS	_	Close	Previous	High/Low		-
_	alis		Puts	May	517.3	510.6	527:0	525.0	_
_				Jun	518.1	511.4	0	0	
الال	Sep	Jul	Sep	Jul	532.2	516.5 525.4	545.0 545.0	522.0	,
224	146	22	68	Sep Dec	544.7	537.8	558.0	543.0	
216	95	48	115	Jan	548.6	541.8	550.0	550.0	
95	80	96	176	Mar	. 557,1	660.1	506.5	655.0	
C	alis		Puts	May	505.7	558.7	575.0	567.0	
117	134	71	118	Jul .	574.5 583.6	567.5 576.6	583.Q. Q	575.0	
70	92	123	173	Sep	003.0	974.0		0	
38	61	190	239						
	PTION	_				:			:
	-	_	_	HEDA	CES .	:			٦
التال	Sep	Ju(Sep	PEIN	EBS /Bas	- Samenh	er 18 1931	100	ŀ
38	68	47	73	- HEQ					ł
25 13	65 48	84 122	160	<u>ا</u>	May 2		math ago		.
			133	1_	2022.3	2015.0	2033.1	1800,8	j
-Jul	Sep	Jul	Sep	DOW	JONES (E	ese: Dec. 3	1 1974 - 1	00)	ł
65	84	2	7	Spot	134.20	:135,61		134.41	١
38 7	48 23	15 44	21 48		es 132.97	134.87	139.41	135.63	1
•		-							4
					٠.	· - :			
							A		

	Close	O lbe; cents. Previous			Ch	icag	jo .		
May	100.30		112.00	109.00	SOYA	BEANS 6	,000 bu min;	cents/60fb t	Lecteur
June	. 110.00	112.25	0	.0		Close	Prévious	High/Low	
Jul. Sep.	110,60	112.55	_ 113.00 , 112.50 .	109.00	. Jul	699/4	693/2	.704/0 -	093/2
300	109.60	111.25		108.50	Aug Sep	687/0	682/6	600/4	083/0
NUR	DE OIL (L	(ght):42,000	US calls S	barrel	Nov	865/0 ·	665/4 669/4	670/4 668/0	661/4
	Letest	Previous	High/Lor		Jan	682/6	668/4	674/0	662/4
ш	19.11	18.61			Mer .	673/0	677/0	682/4	671/0
وما	** 18.25	17.63	19.30	18.73 17.94	May	678/0	689/0	689/0	676/0
op ·	17.83	17.4B	17.90 .	. 17.57					679/0
lov	17.56 17.40	17.27	17.68 17.47	17.35 17.21			60,000 lbs;		
loc	17.21	16.98	17.30	17.10		Close	· Previous	High/Low	
20	17.16	16.85	17.20	17.00	Jul ·	21.90	22.08	22.55	21.85
tar or	. 16.93 . 15.83	16.64	16.93 16.63	16.87 16.77	Sep	22.12 22.27	22.62	22.50 22.68	22.10 22.25
		42,000 US pr			Oct	22.37	22.64	22.78	22.35
					Jan	22.68	23.05	23.10	22.68
٠.	Latest		High/Lor		Mar	23.35	23.17 23.60	23.52	22.85
7	4700 4540	4098 4585	4770	4700	May	23.37	23.70	23.35	23.40
4	4690 .	4595	4620 4660	4536	BOYA	BEAH ME	AL-160 tons;	\$/ton	
OY.	4045 -	4806	4875.	4819		Close.	Previous	High/Low	
ec eb	4000	4876 4851	4040	4886	Just	200.1	-206.4		1.00
_					'Aug	203.6	203.7	207.5 204.7	204.5
- X		nes:3/tonne			Sep	199.7	201.0	201.5	199.1
_	Close	Previous	High/Lov	** * ** *	Dec -	195.2 194.0	197.5 198.5	198.0	195.0
<u>.</u>	1247	1260	1260	1224	Jan '	193.5	196.5	197.0 196.0	194,0
e¢.	1212 . ,	1208 1209	1218	1191 1196	Mar	193.2	194.6	196,0	193.0
	1211	1205	1218	1189 .			194.0	194,0	192.0
ey ey	1208	1195 1235	1206	1189			min; cente/5	Bib bushel	
_				0		Close	Previous	High/Low	
		7,500/be; cer	We/lbs		नम	265/0	266/0	267/4	264/0
	Close	Previous	High/Low		Sep ·	250/4	253/A 249/2	254/2	250/0
٧	122.88	123.98	122.50	122.00	Mar ·	252/6	259/2	257/0	245/0 252/4
r Sp	128.76	135.35	134.90	132.75 126.56	Jul Sep	256/2	. 259/4	261/0	258/0
BC.	124.60		125.00	122.80		247/0	253/0	0	247/0
er U	123.50 121,75	123.50	123.75 O	121.60	-		mir; cents/	BOID-bushel	
ю	119.71	119.50	ŏ.	0	·	Close	Previous ·	High/Low	
			1 .		Sep	395/0 . 402/2	304/2	396/2	302/2
					Dec	414/5	401/4	493/4	400/0
M	A WORL	3 "11" 112,0	00 ibs; per	ts/lbs	Mar May	420/8	420/0	416/4	412/4
	Close	Previous .	High/Low	67 93 e	Jul	380/4	411/0	411/0	409/4
4 .	: 11.54	11,71	71.83	11.53	· —		383/4	383/4	380/4
력 .	11.46	11.53	11.71	11:45			000 the cen	be/Abs	_
	11.20 11.10	11.30 11.25	11.25	11.20	·	Close	Previous -	High/Low	•
ц.	11.15	11.25	11.30	11.15 11.15	Aug .	70.97	70,42	71.15	70.62
* .	11.02	11.20	11.10	11.10	Sep	67.17 67.80	68.42 87.70	67.37	66.52
	:		1.35		Oct	69.17	68.82	69,32	87.80
					Dec	70.82	70.56	70.92	68.82 70.50
	10H DD 000	cents/lbs		 ,	Feb dun	71.25 71.30	70.92	71.25	70.87
7114			High/Low				71.20	71.35	71.15
TI	Cicee	Previous							
1114	Close	Previous			- LIVE II		00 lb; contañ	US .	
1 1	Close 87.10	98,97	67.20	68.50	LIVER	Close	00 lb; conts/1 Previous		
t	87.10 68.06 68.42	68.05 68.53		68.50 67.00	Jun	Close 48.65	Previous	High/Low	40
	57.10 68.05 68.42 68.83	68.05 68.05 68.53 66.87	67.20 68.25 68.74 69.10	68.50 67.00 68.30 68.60	Jun Jul	48.65 49.10		High/Low 49.30	48.55
t.	57.10 68.05 98.42 58.93 59.83	66,97 68,05 66,53 66,87 69,30	67.20 68.25 68.74 69.10 69.60	66.50 67.00 68.30 68.50 69.10	Jun Jul Aug	48.65 49.10 47.10	49.05 49.12 47.17	High/Low	48.30
t c	57.10 68.05 68.42 68.83	68.05 68.05 68.53 66.87	67.20 68.25 68.74 69.10 69.60 69.50	66.50 67.00 68.30 68.80 69.10 59.00	Jun Jul	48.65 49.10	49.05 49.12 47.17 43.45	High/Low 49.30 49.50 47.40 43.75	45.90 46.82 43.32
t ic	57.10 68.05 98.42 68.93 69.33 69.30	68.97 68.05 66.53 66.87 69.30	67.20 68.25 68.74 69.10 69.60	66.50 67.00 68.30 68.50 69.10	Jul Jul Aug Oct Dec Feb	48.65 48.10 47.10 43.65	Previous 49.05 49.12 47.17 43.45 45.80	High/Low 49.30 49.50 47.40 43.75 45.85	45.90 46.82 43.32 45.42
t e	57.10 88.05 98.42 58.93 99.33 69.30 86.78	66,97 68,05 66,53 66,87 69,30 69,20 68,76	67.20 68.25 68.74 69.10 60.60 68.50 68.55	66.50 67.00 68.30 68.80 69.10 59.00	Jus Jus Aug Oct Dec Feb	48.65 48.10 47.10 43.65 45.62 46.63 44.45	9.05 49.05 49.12 47.17 43.45 45.80 46.55 44.80	High/Low 49.30 49.50 47.40 43.75 45.65 46.75	45.90 46.82 43.32 45.42 48.55
t c	57.10 88.05 98.42 58.93 99.33 69.30 86.78	66,97 68,05 66,53 66,87 69,30 69,20 68,76	67.20 68.25 68.74 69.10 60.60 68.50 68.55	66.50 67.00 68.30 68.80 69.10 59.00	Jun Jul Aug Oct Dec Feb Apr	48.65 49.10 47.10 45.85 45.62 46.63 44.45 47.70	Previous 49.05. 49.12 47.17 43.45 45.55 44.50 47.55	High/Low 49.30 49.50 47.40 43.75 45.65 46.75 44.48	48.90 46.82 43.32 45.42 48.55 44.30
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ic i	68,05 68,05 68,42 68,83 69,83 69,83 68,78 GE_SHCE Close 188,00 178,60	96,97 68,05 66,53 68,87 69,20 69,20 68,76 15,000 lbs; Previous	67.20 68.25 68.74 69.70 69.60 69.50 68.55 Conts/lbs	66.50 67.00 68.30 68.30 68.60 68.10 68.00 68.65	Jun Jul Aug Oct Dec Feb Apr Jun PORK I	48.65 49.10 47.10 43.65 45.65 45.65 44.45 47.70 Gloss	Previous 49.05. 49.12 47.17 43.45 45.80 46.55; 44.80 47.55 10,000 tbe; ce	High/Low 49.30 49.50 47.40 43.76 45.66 46.75 44.48 47.70 http://www.	48.90 46.82 43.32 46.42 48.56 44.30 47.45
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LONDON STOCK EXCHANGE

Share prices continue to give ground

INTEREST rate worries continued to concern the London equity market yesterday as traders drew in their horns ahead of this morning's news on domestic retail sales, to be followed tomorrow by the UK trade figures for April. An unconvincing attempt by mar-ket leaders to rally from early losses was reversed towards the close when sterling took a

Share prices were on the downside throughout an erratic trading session which saw the market responding to successive, and often conflict. ing, views on the ontlook for domestic and international

٠.				-:	1.50	<u> </u>
	_Ao	count	Doel	ing Di	ates `	• 7
. ৰ	May :		May 22	1	Jun 6	_
_	pilon De May 1	6 .	Jun 1		Jun 15	_
<u>. </u>	May 7	9 .	Jun 2		Jun 16	
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to open steadier, with traders grasping suggestions that the US authorities might ease credit policies in order to take the heat off the dollar. There was no shortage of more bearish suggestions, however, notably a strongly-worded comment overnight from Mr Roger Bootle, chief

UK economist at Midland Mon-tagu, the UK financial securities house, that UK base rates

ties house, that UK base rates will have to go to 15 per cent; "a one point rise will not be enough," he said."

Mr Bootle turned the screw a little further yesterday. "The equity market never ceases to amaze me. It seems to have suddenly woken up to the realisation that all in the garden is isation that all in the garden is not lovely," he said. Within half an hour of the

At the close, the FT-SE Index was 17.4 down at 2,151.6, near to the day's low. Seaq volume market's opening, the limited optimism had waned and the FT-SE Index showed a fall of 18 points. Selling pressure was not heavy, and the fall was again led from the stock intures market. remained high by recent standards at 551.3m shares against Monday's 614.4m. The institutions were largely inactive, however, and this week's shakeout seems to have been mostly confined to the specula-

tive huyers who entered the market last Thursday and Fri-

The mood was not entirely negative yesterday. Despite this week's downturn, market makers are still unwilling to be left short of stock and aim to keep trading books in balance ahead of the UK trade figures

There was no lack of support for speculative situations among food shares, where the purchase of the stake in Ranks Hovis McDougall by a Sir James Goldsmith-led consortium continued to prompt hopes for a full bid for RHM, and to inspire speculation elsewhere in the sector.

another 23 at 313p. Dealers

could find no particular reason for the strength in Smith; the shares fell sharply after the

poor results in mid-January, and some traders believe a realisation that the stock is

cheap has prompted this week's gains.

The recent heavy activity continued in the top electronics. The near 10 per cent rally

on the Hong Kong market gave a minor boost to Cable & Wire-less — badly affected by the political unrest in China — with the shares finally 4 ahead

at 549p after turnover of 10m. British Telecom were again prominent, edging ahead to

274p, having been as high as 277p at one point, with Japan's Nomura Securities said to have

been keen supporters of the shares ahead of the BT prelimi-

nary figures scheduled for June 1; Greenwell Montagu, the stockbroker, is forecasting

pre-tax profits of £2.46hn

against last time's £2.292bn.
The Racal duo were hit hy

renewed profit-taking, with

Electronic sliding 14 to 483p on 7.5m and Telecom down 21 to 438p. GEC eased 4 to 244p on

Chloride were another casu-

alty in the sector, the shares dipping 6 to 37p after the fore-

cast of lower profits and expec-ted cut in the dividend.

Newcomer Edencorp Leisure ended the day at 23p after being placed in the Third Mar-

Frod retailers were actively traded; Asda edged a touch higher to 170½p on turnover of 5.9m shares, Argyll closed steady at 202p on 2.8m, while Gateway also ended unchanged, at 200p as 2.8m changed hands. There is a

ket at 21p.

	F	INAN	CIAL	TIME	S ST	DCK !	INDI	CES			
	May	May	May	Mey	May	Year	1	989	Since	Compi	lation
	23	22	19	18	17	Ago	High	Low	High		_ow
Sovernment Secs	65.12	86.42	86.70	86.70	86.60	90.30	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/8		9.18 1/75)
Fixed Interest	97.33	97.30	97.31	97.03	97.34	98.55	98.59 (15/3)	95.93 (4/1)	105.4 (28/11/		0.53 1/75)
Ordinary	1787.4	1803.6	1837_5	1810.1	1792.2	1428.3	1837.5 (19/5)	1447.8	1926. (16/7/		19.4 /6/40)
Sold Mines	168.6	168.3	168.8	175.0	178.4	218.4	196.1 (28/3)	154.7 {17 <i>1</i> 2}	734,1 (15/2/0		13.5 10/71)
Ord. Di. Yield Earning Yid %(full) P/E Ratio(Net)(*)	4.41 10.72 11.25	4,37 10.63 11,35	4.29 10.44 11.55	4.37 10.63 11.25	4.41 10.74 11.23	4.60 11.93 10.26	•	S.E. A			May 1
SEAO Bargains(Spm) Equity Turnover(Em)† Equity Bergains† Shares Traded (mi)†	27,096	34,610 1547,51 35,711 554.6	43,470 2165,12 47,419 849,5	32,161 1551,76 35,333 551.2	28,528 1342.01 31,345 479.1	21,189 1057.05 24,708 440.1	Equ Equ	Edged Ba ity Bargair ity Value	18	92.2 231.4 3127.9	104.1 307.3 4376.3
Ordinary Share Index,		-					Gilt	Edged Ba	rgains	103.8 235.5	108.1 231.3
1793.5 1792.1	1793.5	● 12 p.m. 1795.7	●1 p.m. 1795.5	● 2 p.m. 1792.7	●3 p.m. 1791.9	. ●4 p.m 17921		ity Sargair ity Valuo		236.6 31 13.0	2974.5
DAY'S HIGH 1803.9 Basis 100 Govt Secs		Fixed Int.		dinary 1/7	/35,			London Re			

Ultramar active on placing

Ultramar shares suddenly came under pressure during the afternoon as the market picked up the scent of a big share placing. It was later revealed that Sir Ron Brierley had placed his near 14 per cent stake, or 52m shares, in Ultramar through Smith New Court, the securities house, at 3050 a share. IEP Securities, Sir Ron Brierley's investment com-pany, later said the shares had en placed with institutions. Sector specialists said the placing had gone pretty smoothly although there was

plenty of aggressive market activity in Ultramar shares in which a backwardation developed on two occasions.

The share price edged ahead to 327p initially but subsection. quently dropped to 301p as the placing news leaked out, before closing a net 21% lower at 303 Ap. Turnover, harely 400,000 shares at midday, even-tually reached a huge 103m

Oil company analysts at Hoare Govett reiterated their bearish view of Ultramar after the placing. "The Brierley... stake has been rumoured to be np for sale for over a year and Canadian group Noverco did the rounds some time ago trying to put together a consor-tium to bid for the group. A premium rating for Ultramar is mappropriate," a Hoare Govett

But Mr Alan Thomas at Kitcat & Aitken continued to recommend Ulframar, saying "At 3050 the institutions have an outstanding bargain on a longer term view." At Kleinwort Beason, Mr Phillip Lambert said: "Nobody really viewed Brierley as a bidder for Ultra-mar, it's not as if a potential predator has sold a stake; the institutions have taken the stock on the basis of a re-rating. of the shares."

Airways weak

Dealers were surprised to find the British Airways price falling after the company revealed a 17% per cent improvement in full-year profits, near the highest of expectations. They touched a low of 196p before recovering to 200p, a net decline of 8 points. Turnover was a busy 8.7m shares. Several reasons for the weakness were mooted. One analyst was said to have sssumed that the present-strengthening of the dollar would mean higher aircraft costs. However, most took the view that currency changes were broadly neutral for the company.

There was also some confusion about how to handle exceptional items — to strip out or not to strip out and whether the reduction in pension contributions are a greater to the contribution of the contributions are a greater to the contribution of the contributio sion contributions was a one-

Most analysts stayed with their profits forecasts and their more or less bullish views on the stock. One exception was Kleinwort Benson. If downgraded its forecast for the current year from £300m to "between £290m and £300m," and gave a recommendation for the first time in some months: a short term sell.

Dixons busy

Dixons, the electrical goods retailer, stood out strongly. The shares jumped 9 to 148p on turnover of 8.4m against the background of exceptional husiness in traded options. Dealers said that the buying was sparked off by early talk that a declarable stake had been huilt in Dixons, and would be announced soon.

Interest was subsequently sustained by two further stories. One had it that Kinglisher

Most analysts treated the stories with caution; bid speculation in Dixons is nothing new. However, most accepted short-term outlook for Dixons, the retailer's large share of the electrical and white goods market and its notable presence on the High Street are undemable attractions. At the close, King-fisher were 5 easier at 302p. Boots 4 lower at 297p and Thorn EMI 12 weaker at 700p.

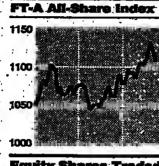
301p, still a net improvement of . Glaxo was hit by profit tak-ing and some fears that the

1100

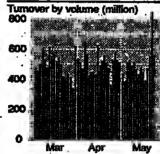
Among speculative features,

would sell its Comet subsidlary, and use the money to larnch a bid for Dixons, with an opening price of 180p-a-share, and a final exit price of around 2000 a share. The second story was that a consortium, made up of Kingfisher, Boots and Thorn EMI, has been assembled to take over the electrical retailer.

A positive chairman's statement helped Fisons touched 304p before slipping back to



Equity Shares Traded



unattainable. Mr Steve Plag, analyst with BZW, also pointed out that benefits from an improving dollar would be blunted because the company has high dollar costs.

Beecham held firm against the market trend for most of the day in anticipation of the publication of details of its merger with SmithKline Beckman of the US. It succumbed to the downward pressure just before the close and ended 2 off at 640p. Sterling's weakness against

the D-Mark boosted ICI, which has significant earnings in West Germany. It closed 6 to the good at 1279p in turnover of under 1m shares.

A profits downgrading issued by Ms Judy Stewart at Citicorp Scrimgeour Vickers triggered some big activity in Amstrad shares. They shifti-ered to 350-at one point before rallying to 107p behind some-sustained buying interest and dipping again late in the day to close a net 3 lower at 102p. Turnover of 7.5m shares far exceeded the normal daily

Ms Stewart trimmed £5m from her profits forecast for Amstrad to £130m for the year, more optimistic of analysis' or earnings per share of 15.4p.
profit forecasts for the current
year — around £1bn — were are concerns over UK perfor-

mance, personal computer sales in particular, which she reckons could be down some 15

A hopeful rally in share

prices then set in as some trad-

Wall Street would open firmer on the credit policy stories.

When New York came in decidedly lower, London turned off

again. The final downward twist came when the pound

dipped against both the dollar and the German mark.

ers assured themselves that

per cent on last year. The banks mirrored the overall market slide with Baroverall market ande with sar-clays closing a net 10 off at 467p and NatWest 9 lower at 610p both, however, in thin trading. There was slightly big-ger activity in Midland which eased 3 to 346p. Standard Char-tered wisked up well after Montered picked up well after Mon-day's China/Hong Kong induced weakness with the share price finally 4 firmer at

Merchant banks provided one of the day's good performers in Guinness Mahon, where takeover speculation saw the shares advance strongly to close a net 8 to the good at 138p. But Hambros were vul-nerable, and lost 4 to 213p while Morgan Grenfell fell 5 to

Brewers dropped back with the market amid continued uncertainty over whether Lord Young, the Secretary of State for Trade and Industry, would implement the Monopolies Commission's recommendations on restructuring the brewing industry in full. Bass gave up 9 at 956p, Allied Lyons 5 at 439p, and Whitbread "A" 2 at 34tp. Guinness, not directly affected by the restructuring debate, closed 5 weaker at

Grand Metropolitan dropped 13 to 545p on turnover of 3.6m shares after announcing the disposal of its Calona Wines operation. GrandMet is also putting up for sale two of Pillsbury's food businesses, Van de Kamp's and Bumble Bee Sea-

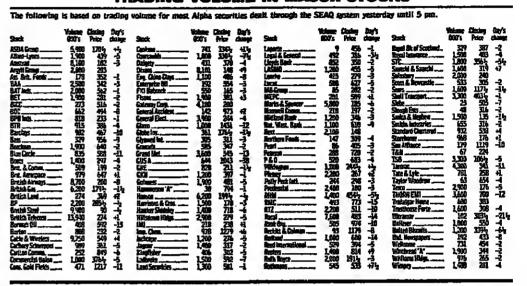
The building sector sustained some hefty falls amid worries of possible interest rate rises. The "heavy end" of the market was particularly badly hit with Redland 14 lower at 600p, Steetley 11 down at 341p and RMC 15-off at 773p. Worries about the sheltered homes market continued to depress Anglia Secure Homes expected to report figures soon with the shares again persis-tently sold and finally a further 17 off at 270p.

Fairbriar came out with excellent figures showing pre tax profits up some 52 per cent but the cautious accompanying statement upset the shares which subsequently retreated to close a net lower at 152p. Leading stores eased sharply

amid fears of another rise in interest rates. GUS led the way with a fall of 38 to 1043p, fol-lowed by Marks & Spencer, down 6 at 185p on turnover of nearly 6m shares, Rathers, down 9 at 226p, and Ward White, down 5 at 284p. Interest in the call options helped Storehouse gain 1 at 176p.

Paper group David S Smith bucked the wider market trend for the second day running. After Monday's 10-point rise yesterday the shares added

Gold Mines 12/9/55, SE Activity 1974, Will 11.15 (Encluding intra-market TRADING VOLUME IN MAJOR STOCKS



growing feeling in the market that if Isosceles does not improve its existing 195p-ashare hid for Gateway to around 200p or 210p-a-share, a white knight would step in with a rival offer.

Budgens were also a feature, rising 6 to 112p on good demand. The shares have been in the doldrums since William Low withdrew unexpectedly withdrew its agreed offer for Budgens, hut yesterday's recovery could have been sparked by hopes that someone else may take a look at the company in the near future, said traders. William Low fin-ished a shade easier at 276p.

Yorkshire TV's 32 per cent profits improvement pleased the market and the stock

climbed 6 to 311p.

lished a report that Saatchi and Saatchi was to be broken up. The resulting diverse bid rumours helped the stock add 7 at 319p on a turnover of 1.6m

French buying of Eurotunnel was said to be the reason behind the stock's sustained rapid rise. The units closed 39 better at 987p. The warrants touched 78p before settling at 76%p an improvement of 4. Coloroll posted full year

profits more than doubled at £55.7m. But the market had more than discounted the jump and the stock slid 9 to 157p. Further consideration of Vickers' disposal on Monday of its Howson Algraphy division helped the shares improve 3 to 217%p in busy early trading. They eased by the close to 216p. There were several sug-A US trade magazine pubgestions of what Vickers might do with the cash raised. One dealer dismissed stories that VSEL might be a takeover target for Vickers, saying instead that there could be a joint venture in the US with Du Pont. Other ideas involved nameless takeover targets either in the medical or aerospace sectors. British Aerospace held firm

in the downwardly inclined market, touching 650p before closing a penny better on the day at 647p. British Steel also held its ground, closing unchanged at what one marketmaker described as the resistance

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 30

level of 90p.

NEW HIGHS (128.)
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BUSTAMANCE (6) LESSIME (4) Aircure,

Mr James E. Smith has

become group director, business development, at FRAZER-NASH. He was

FRAZER-NASH. He was director of the technology division, where he is succeeded by Mr Rick McCann, formerly of Frazer-Nash Scientific.

of sales and marketing, GKN

Gloucester, a Ryan International subsidiary, as

managing director. He was

with Husky Computers.

director of international sales

■ HOUSE OF FABERGENES

promoted Ms Julie Catherall

from marketing manager to

marketing director, and Mr

Barry Webster from national -

sales manager to sales director.

Mr Hervé J. Matias has been

appointed European sales director, flexible packaging division, LAWSON MARDON

GROUP, and will be based at

Seniis, near Paris. He was with

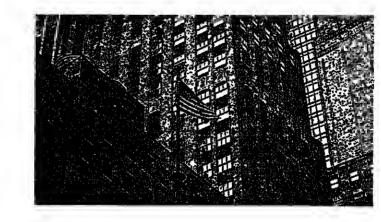
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Euro Home Prode, ELECTRICALS (3)
MOUSTRALS (8) ARROWSON Brox., Highgate
& Job, Kleen-E-Ze, MY Hidgs, Noble & Lund,
Pergamon, Rolyon, Willia Grp., RESURANCE
(1) LESUISS (1) PAPERS (1) PROPERTY
(4) TEXTELS (6) TRUSTS (4) OLE (2)
Cleraport (UK), LASMO "Ope", MINES

NEW HIGHS AND LOWS FOR 1989

Exchange rates on international currency markets are influenced by many economic and political variables. A sound on-target position, therefore, can be taken only by experts with first-hand access to financial intelligence and trend signals worldwide.

By the time you hear the latest dollar rate, our traders have already made their move.



Case in point: BHF-BANK. A state-ofthe art communication system enables our forex staff to tap comprehensive external information sources and inhouse data bases right at their workstations.

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r Landstrasse 10, D-6000 Frankfunt 1, Tel. (1069) 718-0, Fox (1069) 718-2296, Telex 411.026 (general) London branch: 61 Queen Street, London EC4R IAE, Tel. (01) 6342300 dilanes in Amsterdam, St. Heler/Jersey, Luxembourg, New York, Singapore, Tokyo and Zurich

APPOINTMENTS Nomura makes changes

Mr Nobuo Nakazawa president and managing director of NOMURA INTERNATIONAL, London, has succeeded Mr Hitoshi Tonomura as chairman. Mr. Tonomura has returned to Tokyo as head of overseas operations. Sir Douglas Wass remains non-executive co-chairman of Nomura International, Mr Kochi Kana managing director - he transfers from Nomura Securities International Inc, New York, where he was senior executive vice president. Mr John Howland Jackson becomes deputy president and

Mrs Jennifer Sculley has been made a director of AMBROSE INVESTMENT

International.

managing director of Nomura.

Mr Alan Guest has been appointed group financial director at the GRIFFON MACHINE TOOL GROUP.

 ELGA, a subsidiary of the Elga Group, has made Mr Robert A. Croucher its finance director.

Professor Paul Marsh and Mr Roger Nightingale have been appointed non-executive directors of M&G INVESTMENT MANAGMENT.

■ GIROZENTRALE GILBERT ELIOTT, stockbroking subsidiary of Girozentrale,

NatWest gains Vienna, has appointed as assistant divisional directors: Mr A.G. Crossland, Mr H.J. Treasury man Mr A.C. Crossand, Mr H.J. Ellis-Rees, Mr D.N. Holmes, Mr A.C.J. Parker, Mr R.J. Pinnstead, Mr D.A.L. Skelton, Mr D. Smith, and Mr T.J.

 Sir Geoffrey Littler has been appointed a director of NATWEST INVESTMENT BANK. He will be involved in all aspects of the bank's activities, in particular the development of new business in the UK and overseas. Sir Geoffrey has exceptional connections in this area as he recently retired from the Treasury where he was second permanent secretary (overseas finance). He has chaired OECD and European Community

MAWD, Dunstable, military truck maker, has appointed Mr John Fletcher as military sales director. He was director VELOS-PERFOREX, Stockport, part of the Nobo Group, has appointed Mr Andrew Rycroft as financial controller. He was management accountant at Mr Malcolm Garrett has joined WAYLAND SYSTEMS, Tri-ang Leisure.

> Mrs Jenny Price, Mr John Ellwood and Mr Maicolm Park have been appointed directors of CAPITAL HOUSE MANAGMENT SERVICES.

> **■ NOTTINGHAM** DEVELOPMENT ENTERPRISE has appointed Mr Malcolm Reece as chief executive from the end of July. He is project director for an inner city re-development scheme in Manchester.

 SDS BANK, wholly-owned subsidiary of Sparekassen SDS of Denmark, has appointed

Senior posts at the Halifax

HALIFAX BUILDING SOCIETY has appointed Mr Mike Fearnsides as managing director of Halifax Financial Services from June 1. He was general manager marketing. Mr Richard Barrow, formerly divisional manager systems development, becomes general manager business information systems from June 1. Mr Richard Spelman, formerly divisional manager marketing services, has been appointed general manager marketing from June 1.

Mr Jeffrey Bennett as director, banking. He was a Charterhouse Bank director.

BBA GROUP has appointed as non-executive directors Mr Robert Cooper, a director of Robert Fleming Holdings and head of UK corporate finance; and Mr Lionel Stammers, a non-executive director of RTR

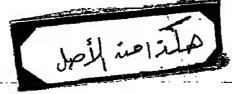
■ G.T. MANAGEMENT, part of the Bank in Liechtenstein group, has appointed Mr Peter Stevens as managing director of G.T. Management (UK) and chairman of The Bank in Liechtenstein (UK). Hs also takes the new role of deputy chief executive of G.T. Management. He was managing director of Chase Investment Bank.

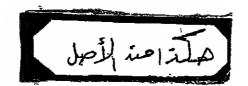
Mr Fred Watt has been appointed group accountant and company secretary of WASSALL

; **C**.

Current Unit Trust Prices are available on FT Cityline. To obtain your free

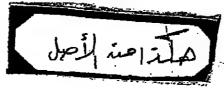
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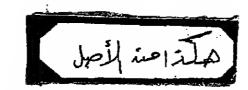


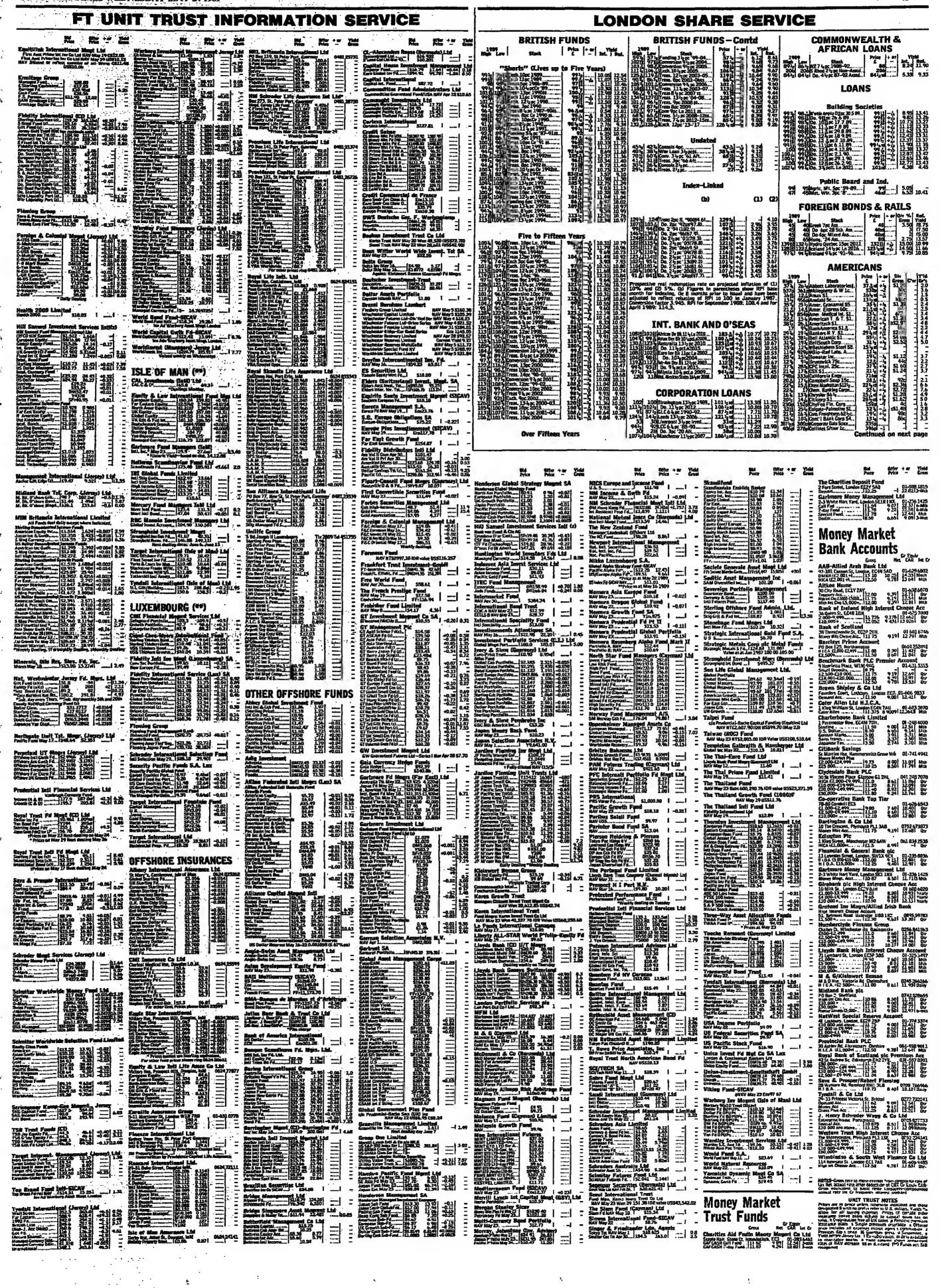


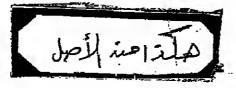
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1		FT UNIT TRUST INFORMATION SERVICE	 Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128
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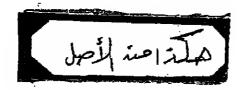
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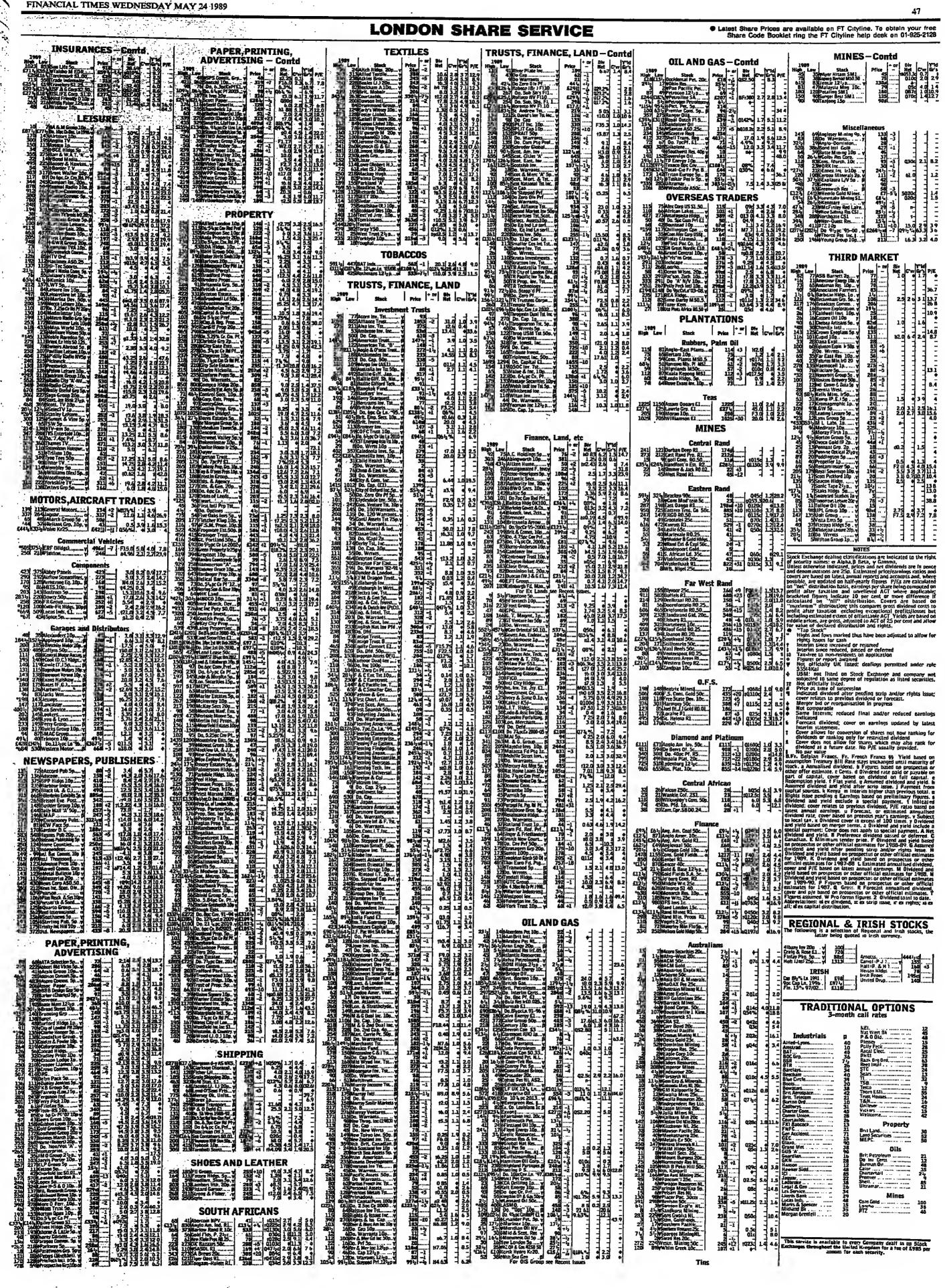












CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Thatcher comments hit pound

STERLING CAME under the a fall in the value of sterling, to 3.25 per cent hy the end of spotlight as the foreign against the background of this month, depending on the exchange market turned away from the strong dollar yester-day. The market saw the Bank of England intervene twice to support the pound in the afternoon, but this failed to prevent a fall to the lowest level for nearly two years.

The pound had looked vulnerable for some time if the market paused in its beadlong rush to drive the dollar higher, and particularly if this was accompanied by a narrowing of London's interest rate advan-tage over financial centres such as Frankfurt and Tokyo.

Mrs Margaret Thatcher, the Prime Minister, could not have had a weakening of sterling in mind when she told the House of Commons that the Govern-ment's high interest rate policies would get inflation down. The pound has been reason-

ably steady since last Friday's disappointing news that year-on-year inflation rose to 8 per cent in April. City economists are now doubtful whether inflation has peaked and believe 8.5 per cent could be touched around the middle of the year.

Mrs Thatcher's comments were interpreted as underlin-ing her rejuctance to allow bank base rates to rise above 13 per cent and this resulted in

£ 1	n new 1	TORK
May.23	Latest	Previous Close
f. Spot	1.5815-1.5825 0.45-0.440ss 1.46-1.44pm 5.52-5 42pm	1.5805-1.5615 0.43-0.42pm 1.37-1.35pm 5.10-5.00pm
Forward premis	ms and discounts ap	ply to the US dollar
STE	RLING II	NDEX

		May.23	Previous
8.30 9.00 10.00 11.00 Noos 1.00 2.00 3.00 4.80	am	93.7 93.5 93.6 93.6 93.5 93.5 93.5 93.5	94.0 93.7 93.6 93.6 93.6 93.7 93.8 93.7
c	URRENC	Y RAT	FC

	*	Rights	Unit
French Frant — Italian Lira — Japanese Yen — Norway Krone — Spanish Peseta — Swiss Franc — Greek Drack — Irish Punt —	750 450 550 915 915 945 945 20	0.786315 1.23939 N/A 17.5436 52.2000 9,71124 2.49594 8.44210 1810.00 173.019 8.98186 155.667 N/A 2.22842 N/A	0.656525 1.03882 1.24347 14.6536 43.5733 8.10539 2.08127 2.34755 7.04995 1509 15 146.941 7.48521 129.967 6.99645 1.85170 0.778084
"All SOR rates a	ere for M.	av.22	

CURRENCY MOVEMENTS

May 23	Bank of England Index	Morgan ^{es} Guaranty Changes %
Sterling U.S. Dollar U.S. Dollar Austrian Schilling Beiglan Franc Daulst Kruer Daulst Kruer Daulst Kruer Daulst Kruer Galler French Franc Gulder French Franc Lira	93.3 72.2 103.8 105.2 105.3 102.1 111.8 102.8 109.4 98.5 97.9 142.2	-17.4 -5.2 +0.3 +9.6 -6.6 -2.7 +19.4 +12.5 -15.7 +71.9

OTHER CURRENCIES							
May 23	2	S					
iran Korea(Sth)	299.75 - 300.10 2.1055 - 21.1075 1.7680 - 1.7770 7.0400 - 7.0605 267.10 - 271.15 12.2860 - 12.3015 118.50 1046 65 - 1055 10						
Locembourg Malaysia Mexico	4.2450 4.2565 3892 25 3896.25	0.29690 - 0.297 4), 95 - 42,05 2,6870 - 2,689 2455,00 - 2466					
H. Zealand	26385 - 26435	1.6685 - 1.671					

MONEY MARKETS

speculation about higher rates in West Germany and Japan. The pound fell 1.30 cents to

\$1.5675, the lowest closing level against the dollar since August 1987. It also declined to DM3.1475 from DM3.1775, the weakest since last November. Sterling weakened to Y222.50 from Y224.50; to SFr2.8025 from SFr2.8350; and to FFr10.6600 from FFr10.7525.

On Bank of England figures the pound's exchange rate index fell 0.4 to 93.3, the lowest since the index was rebased at

the beginning of the year. Sterling weakened as specu-lation increased that the West German Bundeshank will tighten its monetary policy and that the Bank of Japan will soon increase its discount rate. A senior official at the Japanese Finance Ministry was reported as saying the Bank of Japan was likely to raise its discount rate by 0.75 per cent

situation in the currency mar-

The US Federal Raserve intervened to sell the dollar at DM1.9975 and Y141.35, trying to take advantage of the dollar's temporary fall helow DM2.00, hut it failed to keep the down-ward momentum rolling. Earlier in the day the Bank of Japan sold about \$350m, but the dollar's slightly easier tone was mainly the result of profit taking and technical adjust-

ment of long positions.

A much larger than forecast rise of 2.9 per cent in April US durable goods orders damp-ened speculation about an easing of the Feds monetary policy, but had little impact on the dollar. The US currency fell to DM2.0085 from DM2.0095; to Y141.95 from Y142.05; to SFr1.7875 from SFr1.7930; and to FFr6.8000 from FFr6.8025. The dollar's index fell to 72.2

EMS E	UROPE	AN CURI	RENCY I	JNIT RA	TES
	Ecu central rates	Currency amounts against Ecu May.23	% change from central rate	% change adjusted for divergence	Divergence limit, %
Belgian Franc Danish Krone German D-Mark French Franc Outch Golder Irish Pont Italian Lira	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.5733 8.10539 2.08127 7.04995 2.34555 0.778084 1509.15	+2.63 +3.10 +2.11 +1.13 +1.27	19.56 19.57 19.54 19.54 19.54 19.55	±1.5344 ±1.5404 ±1.0991 ±1.3674 ±1.5012 ±1.6684 ±4.0752
Changes are for Ecu, the Adjustment, calculated by	refore positive of Financial Time	hange denotes a w s.	eak currency		

POUND SPOT- FORWARD AGAINST THE POUND								
May.23	Day's spread	Clase	One mouth	% p.a.	Turee months	% p.a.		
anda	222 - 2244 22 12 - 22 19	1.5670 - 1.5680 1.8770 - 1.8750 1.5544 - 3.554 65.80 - 65.90 1.2445 - 1.2254 1.1795 - 1.1805 239.1 - 2202 1.305 - 1.1315 10.655 - 10.655 10.524 - 10.334 222 - 10.334 222 - 2216 2215 - 2216 2.794 - 2.804	0.44-0.41cpm 0.07-0.03cpm 13-13cpm 28-23cpm 43-33cpm 0.45-0.40cpm 15-13-ppm 28-73cds 21-34cpm 24-13-ppm 13-13-ppm 13-13-ppm 13-13-ppm 11-13-ppm 11-13-ppm 11-13-ppm 13-13-ppm	325 0.25 5.50 4.55 4.55 4.55 4.62 0.37 1.68 1.49 8.508 5.08	149-1430m 0.58-0.42pm 79-72pm 114-104pm 41-4-1pm 62-17545 6-4pm 114-11pm 4-4-1pm 324-29-2pm 37-33-1pm	3.71 0.36 5.23 4.59 3.25 3.56 5.96 -1.97 -0.73 0.88 1.422 1.09 7.42 5.15		

elandri	DOLLAR SPOT- FORWARD AGAINST THE DOLLAR								
elandri	May.23		Close	One month					
mitterand (T.(1)O-T.1300 T.(10)O-T.1000 D.(2)-0.200pm (L8) U.(2)-0.(12pm L64	Ktelandt	13300 - 13355 11960 - 12035 22475 - 22675 41,75 - 42,12 7,784 - 7,845 1.9330 - 2,0155 165,25 - 165,65 124,56 - 125,55 124,56 - 125,55 124,56 - 125,55 7,185 - 7,23 6,754 - 6,82 6,714 - 6,764 140,70 - 142,55 146,84 - 14,165	13310 - 13320 11975 - 11985 22625 - 22635 41,95 - 42.05 7.814 - 7.814 2,0080 - 2,0090 165,45 - 165,55 125,20 - 125,30 14554 - 14554 7,214 - 6,724 6,7714 - 6,724 141,90 - 142,00	0.17-9.22od/s 0.29-0.33od/s 0.45-0.42cpm 5.50-4.00cpm 0.60-0.35orepm 0.45-0.42cfpm 60-90cd/s 3.40-3.90fred/s 0.72-0.97cred/s 0.50-0.45cpm 0.84-0.99ored/s 0.55-0.53ypm	15113136 3.24 4.36 5.36 4.36 4.36 4.36 4.38 4.45 4.38	0.15-0.25ds 0.74-0.80ds 1.10-1.05pm 11.50-8.50pm 1.70-0.35pm 1.16-1.11pm 200-280ds 125-1.35ds 9.50-10.20ds 2.65-2.95ds 0.90-0.80pm 2.75-2.95ds 1.47-1,44pm	-0.60 -2.57 1.91 0.95 -2.26 -4.16 -2.71 -1.55 -1.69 -4.11		

E	JRO-CL	RREN	Y INT	EREST	RATES	
May 23	Short term	7 Days notice	One Month	Three Months	Six Months	Une Year
Sterling US Dollar Can, Deliar Can, Deliar O, Guilder Sw. Franc Deutschmark Ff, Franc Hailan Lire R Fr, IPint Ven O, Krone Aslan SSing	11921-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	124-124 911-92 124-124 67-67-68 124-125 81-1	124-124 91-91 124-12 71-7 71-7-7 64-64 814-81 81-81 81-81 81-81 91-91	134-131 93-93 124-12 74-71 74-71 74-7 84-84 124-114 84-84 84-85 94-94 10-94	134-1314 91-934 114-1114 74-77-7 74-77-7 121-1114 85-81-81- 53-51-1 104-93	134-134 92-94 117-1114 717-77 72-72 91-9 124-12 81-81 81-81 81-81 104-91

EXCHANGE	22092	DATES
	EXCHANGE	EXCHANGE CROSS

Мау.23	£	5	DM	Yen	F Fr.	5 Fr.	H FL	Lira	C 5	8 Fr.
Ž.	1 0.638	1.567	3.147 2.008	222.5 142.0	10.66 6.803	2,802 1.788	3.547 2.264	2281 1456	1.877 1.198	65.85 42.02
YEN	0.318	0.498	14.14	70.70	3.387	0.890	1.127	724.8	0.5%	20.92
DM	4.494	7.043		1000.	47.91	12.59	15.94	10252	8.436	296.0
f Fr.	0.938	1.470	2 952	208.7	10.	2.629	3.327	2140	1.761	61.77
S fr.	0.357	0.559	1 123	79.41	3.804	1	1.266	814.1	0.670	23.50
H FI.	0.282	0.442	0.887	62.73	3.005	0.790	1	643.1	0.529	18.56
Lim	0.438	0.687	1.380	97.54	4.673	1.228	1.555	1000.	0.823	28.87
C 5 8 Fr.	0.533 1.519	0.835 2.380	1.677	118.5	5.679 16 19	1.493 4.255	1.890 5.386	1215 3464	2850	35.C8 100.

A LATE fall in the value of sterling pushed interest rates firmer in London yesterdsy. moved up to 13%-13% per cent from 13%-13% per cent. The pound's fall increased speculation shout a rise in clearing bank base rates from the current level of 13 per cent.

Further rise in rates

UK clearing bank base lending rate 13 per cent from November 25

Upward pressure is likely to persist ahead of the release of UK April trade figures tomor-

Uncertainty in the market was shown clearly by the yield curve between one-month and 12-month money. Until yester-day afternoon, rates peaked at the six-month level, indicating that base rates are expected to decline, hut certainly not in the short-term. However, the yield structure at the close of business yesterday was flat from three-months out to oneyear monsy, indicating that the market no longer feels confident about the authorities' ability to avoid a further risa

in base rates. The Bank of England forecast a flat liquidity position. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills draining £180m. These were offset hy Exchequer transactions which added £80m and hanks' halances hrought forward £105m above target. In addition, there was a nominal fall in the note circulation of £5m. There was no intervention by the Bank during the morning or afternoon.

In Frankfurt, the Bundesbank announced its intention to held a sale and remumbers.

to hold a sale and repurchase agreement with no minimum fixed bid rate. The 28-day facility will be allotted to successful applicants today, coinciding with a maturing agreement which will drain DM6.2bn from

The last repurchase tender, held on May 17, resulted in successful hids between 6.35 per cent and 6.80 per cent. A majnrity of the allocations were at the lower end. The minimum accepted rate

of discount is expected to rise from 6.35 per cent hut is not expected to break through the 6.5 per cent Lombard rate.

Msanwhile, commercial banks holding of reserves with the central bank fell sharply to DM49.8hn on the latest figures for May up to last Friday, com-pared with DM59.7bn on Thursday, reflecting a drain of funds to meet tax payments. Official reserve requirements for the month were fixed yesterday at DM55.4bn, up from DM54.9 in April, and tighter than many

analysts had expected.
In Brussels, the Belgian National Bank increased the rate on four-month bond paper to to 8.50 per cent from 8.30 per cent. However, rates on one, two and three-month bills were

FT LONDON INTERBANK FIXING (11.00 a.m. May.23) 3 months US dollars

bid 914	offer 9½	PIQ 24	offer 9½
sted by the market to five	unetic means rounded to the dea reference banks at 11.00 a.m. tsche Bank, Banque National d	each working day. The bar	ils are National Westmissier

MONEY RATES NEW YORK 6 15 6 22 88 81 63 74 63 650 44 43 124 124 9.00 7-74 57.7 84.87 73-75 84-9 6.50 7.25

LONDON MONEY RATES											
May.23	Overnight.	7 days notice	One Month	Three Months	Six Montin	Qna Year					
Interbank Offer	124	121 ₀ 12	127 127 127 127	131, 13 131, 131,	131, 131, 132, 132,	13%					
Local Authority Deps Local Authority Bonds Discount Mkt Deps	117	121 ₂			13%	<u> </u>					
Company Deposits Finance House Deposits . Freasury 8111s (8uyl	:		121 127 121 121 121 121	121	냺	먎					
Bank Bilis (Buy) Inc Trade Bilis (Buy) Joliar CDs		-	12 H 13 G 9.50-9.45	154 154	124	9,30-9.2					
DR Linked Dep Offer OR Linked Dep 8kf CU Linked Oep Offer		=	200000000000000000000000000000000000000	87	85 83	. 61					
CU Linked Dep 8id	-	-	85	81	81	91					

FINANCIAL FUTURES

Prices lower as sterling slips

value and a rise in cash rates

encouraged investors to reduce their exposure in the futures market. The September price

opened at 86.88 and rose to a

high of 86.93 before sliding

away to close at 86.73, down

from 86.79 on Monday.
US Treasury honds finished on a slightly weaker note at 92.26 for June delivery against

93-01 previously. A rise in US

LIFFE EUROCOLLAR OPT Elum points of 180%

PRILADELPHIA SE S/S OP E32,250 (cools per S1)

CHICAGO

bonds opened on a strong note and continued to improve, fin-ishing close to the day's high

The June price rose to 99-07

from 92-85 at the opening and

92-59 on Monday.

SHORT STERLING futures lost ground in extremely husy Liffe trading yesterday. The Septem-her contract recorded over 36,000 lots traded while the June position saw over 14,000 lots change hands.

Values were marked up at the start as sterling showed

early signs of stabilising after its sharp fall on Monday. However, a late fall in sterling's

LIFFE LONG COLT FUTURES OFTIONS

LIFFE \$/\$	OPTIONS			_
Strike Price 140 145 150 155 160 165 170	Calls-set Jan 730 311 85 13		Pets-58 June 17 116 390 818 1306	11/emer Ju 6 21/ 49 29 136
Followied:	ankane tot	al Calle 0	Prets 0	

Previous day's open int. Calls 200 Pets 1600 LONDON (LIFFE)

26-YEAR 9	7% leastmatAl 2nds of 188%	CILT	•	ī
Juq Sep	Class 94-07 95-06	High 94-25 95-23	94-06 95-11	94
Estimated Previous di	Volume 2028 by's open fat.	07782) 27158 (26	89 0 0 ·	
7-10 YEAR	2 9% Retraine 2nds of 100%	AL GILT		_

Estimated Volume 0 (0) Previous day's open lot, 165 (165) nated Volume 10580 (16281) ous day's open Int. 10980 (7874)

ated Volume 23607 (23466) us day's open lut, 45363 (46022)

Estimated Volume 490 (772) Previous day's open let, 1051 (958)

90.62 90.89 90.95 91.14 90.65 90.95 90.94 91.02 90.77 91.13 91.09 91.17 Est. Vol. Onc., figs. Act shown) 14365 (18444) Previous day's open Int. 66435 (65587)

High 92,80 92,70 92,70 Estimated Volume 4735 (6191) Previous day's open Int. 13861 (13233)

mated Volume 4122 (6150) loss day's open Int. 22050 (22022) POUND-S LEGRETEN EXCHANGE

1.5675 1-suth 3-suth 6-suth 12-suth 1.5633 1.5584 1.5373 1.5120 DIM-STERLING So per E 1.5866 1.5660 1.5500

Gold C Gold C Gold C Gold P Gold P Gold P Gold P

387 669 1338 669 114 6 2 880 14 3.80 3.80 11.50 50750 20516 723346226500115127 - 2801192 - 76114236885 43 12 15 3 3.70 6 11.50 2.90 1.80 5.30 2.50 1.30 1.60 3.70 0.50 2 19 - 45 57 26 5 128 -3.80 2.30 3.60 2.90 1.90 7.40 4 7

TOTAL VOLUME IN CONTRACTS: 33,761

EUROPEAN OPTIONS EXCHANGE

FI. 290 FI. 395 FI. 305 FI. 305 FI. 295 FI. 295 FI. 225 FI. 225 FI. 225 FI. 225 FI. 225 FI. 225 FI. 226 FI. 226

5.80 to 3.90 2.30 4 6.20 10.40 a

Aug. 89 Nov. 89 Feb. 90

212 10 30

13471110 15587

2

3.50 3.50 5.70

20 11 18

BASE LENDING RATES

	70	. %	
ABN Bask	13	Chydesdale Bank 13	NatWestmiester
Adam & Company		Comm. Sk. N. East 13	Northern Bank Ltd 13
AAB - Allied Arab Bk		Co-operative Bank °13	
Altled Irish Bank		Coatts & Co	Horwich Gen. Trest 13
Heary Austracher	12	Cypres Popular Bk 13	PRIVAThanken Limited 13
		Upra ropular of 13	Provincial Bask PLC 14
ANZ Basking Group	פַנ	Dunhar Bank PLC 13	R. Raphael & Sons 13
Associates Cap Corp	12	Doman Lawrie	Rexburghe G'rantes 1315
Authority Bank	13	Equatorial Bank plc 13	Regal Bit of Scotland 13
B & C Merchant Bank		Exeter Trest Ltd 1315	Royal Trest Barth
Bank of Baroda	13	Financial & Gen. Bank _ 13	● South & William Secs 13
Banco Bilhao Vizcaya _		First National Bank Pic. 14	Standard Chartered
Bank Hapoalim	17	@ Robert Fléming & Co 13	T5B
Bank Credit & Comm	12	Robert Fraser & Pturs. 1312	United 8k of Kewait 13
Death of Connect	-12		United OK OF ASSEARCE 13
Bank of Cypros	ñ	Girotant 13	United Milarahi Bask 13
Back of Ireland		• Grienes Mator	Lielty Trest Bask Pic 13
Basts of India	13	HFT Back plt	Western Trust
Bank of Scotland	13	Hambros Back 13	Westpac Bank Corp 13
Banque Belge Lid	13	. Heritable & Gen lan Box 13	Whiteway Labilan 135
Barciays Bank	13	• Hill Sagged 513	Yorkshire Bank 13
Benchmark Bank PLC	ī	C. Hoare & Co	
Berliner Bant AG	ĩ	Honekone & Skargk 13	
Brit Bk of Mid East	Ħ	Leopold Joseph & Sons 13	Members of British Mendant
Brown Shipley			
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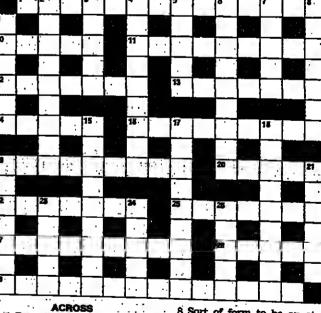
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1 Doesn't he take work seriously? (6,8)
10 Drop in the gutter (5)
11 Doubtful origins of Reverend Desmond Tutu, one having learned little (9)
12 One has a drink when sending back warriors... (7)
13 in their finery, knocking back excellent drink (7)
14 An involuntary movement of merry-making (5)
16 Third party's unique fish dish (5,4)

16 Third party's unique fish dish (5.4)

19 "Big Fish has holiday in France": part of film (6.3)

20 Not so much love in the dust (5)

22 Trouble returning tailless beaut to travellar (7)

beast to traveller (7) 25 Lines on river about to run

warm (7) 27 Many find studies a worzy, inducing torpor (9)
28 Jealous innocent (5)

29, 24 Fellow deck-sweeper to generalise from a specific example (3,4,8,4,5)

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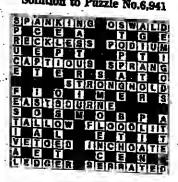
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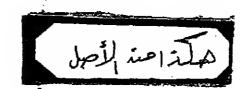
Sort of form to be on at a clog-dance (9)
Country or old town in central Australasia (5)
Charge round, help up and give out (7)
Mountain-elimbing journalist in part (6)

9 Mountain-climbing journalist in port (6)
15 Little angel at home to composer (9)
17 "Chequered Klit": theme by the Original Gnashers (4,5)
18 Defeat finished Western control-point (9)
19 "A Family at War": apt clue? (7)
21 Saw gas rising round Buddhist concept (6)

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26 Watchman in sugar refinery Solution to Puzzle No.6,941





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FINANCIAL TIMES WEDNESDAY MAY 24 1989 COMPOSITE PRICES OVER-THE-COUNTER Shock Div. ASV 80 ADC 1 ALC 1 AS K AST 1 ACM 1 A Das 10 December 1 30 Description 1 300 Descripti ### PRESS | GROUND SET | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 ### Secretary 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1. 25-7 UnitCo pr2.61
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Durable goods statistics send Dow sharply lower

Wali Street

AFTER 10 days of robust gains, US stocks fell sharply yester-day amid signs that the manufacturing sector of the US economy was still growing strongly, writes Karen Zagor in New York.

At 2 pm the Dow Jones Industrial Average was down 20.72 points at 2.481.31. Volume on the New York Stock

on the New York Stock Exchange was heavy and declining issues outpaced those advancing by eight to five.

Markets were hurt by news that US durable goods orders rose 2.9 per cent in April from March, compared with forecasts of a gain of only 0.5 per cent. Stocks were hit harder than bonds. After an initial dip of ¼ point, bond prices largely recovered. By early afternoon, the Treasury's beliwether 30-year long bond was 102%, off only & point on the day and only 12 point on the day and yielding 8.60 per cent.

The durable goods orders were strong across all sectors. Excluding the erratic transportation sector, durable goods orders rose 3.9 per cent against a decline of 2.6 per cent the month before. This was the largest gain since April 1987, when durable goods excluding transporation rose 4.8 per cent. Mr Robert Heller, governor of the Federal Reserve, said the Fed had kept a tight rein on monetary policy since last surge was unlikely.

The doller opened on a weaker note in New York after hreaking through the Y140 and DM2 barriers the previous day and trading as high as Y143.10 and DM2.0285 overnight in Tokyo. The US currency later shook off further central bank intervention to recoup some of its overnight losses. By early afternoon it was trading at Y142.17 and DM2.0015.

General Motors dipped \$1% to \$41 %. The big US car manufacturer negotiated a 2 per cent increase in steel prices, com-pared with 3 per cent last year, indicating a softening of the US steel and automotive mar-

Ford, which is still negotiating its steel purchase contracts, slipped \$% to \$48%. Chrysler was down \$% at \$24%.

Among the large US steel companies, Bethlehem Steel lost \$¼ to \$23%, USX, formerly US Steel, was up \$% at \$34% and LTV was unchanged at

Warner Communications. which is due to merge with Time Inc if the \$18bn agree-ment is approved by stockhold-ers on June 23, added \$1% to \$52% after resolving a dispute with its biggest shareholder. Chris-Craft Industries. Warner was one of the five most active issues on the New York Stock Exchange in morning trading.

Merck, the hig US drug group, slipped \$1% to \$70% amid fears that profits would be hit by the strength of the dollar. Nearly half of Merck's

sales are overseas. In contrast, SmithKline Beckman, another hig drug company, was up \$1 % Deere, the largest US manufacturer of farm equipment and construction machinery, added \$% to \$58% on the release of the company's second quarter results. Net earnings of \$1.74 a

share against \$1.15 a year ago were higher than Wall Street had expected. NWA, the parent of North-west Airlines which has been fending off a hostile takeover bid of \$90-a-share by an invest-ment group led hy Mr Marvin Davis, gained \$1% to \$105%. Pan Am, the troubled US car-rier which has said it will also

bid for NWA, gained \$1/4 to Among blue chip issues, IBM lost \$1/4 to \$109%.

Canada

PROFIT-TAKING and a bearish report on US durable goods ordere prompted Toronto stocks to extend early losses by midday.

The composite index fell 16.0 to 3,670.5. Declining stocks outnumbered advancing ones by 277 to 186, on volume of 12.1m

Individual issues attract notice in mixed trading

INTEREST focused on individual stocks in the leading bourses yesterday, and prices ended mixed to lower. Madrid, however, continued its run of year highs, writes Our Markets

FRANKFURT had a moderately active day, with the focus on export stocks, which are benefiting from the high dollar, and on corporate news. The DAX index rose 6.70 to 1,351.80 while the midsession FAZ fell 10.01 to 568.38. Turnover was DM3.89hn worth of shares.

Car makers provided much of the interest. VW performed well, adding DM7 to DM359.50. The previous day the company had held an meeting wuth analysts, who had revised upwards their earnings forecasts.

BMW was volatile, falling DM4 in early trade before an announcement of a one-for-20 rights issue. It then recovered, to close unchanged at DM512. One analyst said the issue of non-voting, preference shares at DM225 each should be well received by the market. The deep discount was attractive, he explained, and the non-vot-ing status of the shares would enable the company to retain

its voting control.
Porsche rose a further DMI5
to DM757 after Monday's DM16 advance, as the soaring dollar

boosted export prospects.

The technology sector also benefited because the strength of the US currency made the German products look increasingly competitively priced com-pared with those of American rivals. Siemens gained DM5.50 to DM523.50.

Shipping company Bremer Vulkan gained DM6 to DM127.50 and reached DM130 after-hours. Its share price has more than donbled so far in 1989. The company announced strong orders and predicted a return to profit by 1990.

PARIS slipped on the final

The World Index (2443)... 142.37 - 1.8

Latest prices were unavailable for this edition. Canadian market closed on May 22.

133.55

136.54

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-0.1

2.24

144.62

132,43

136.87

146.51

with ahout 178,000 shares traded, huoyed by the firm price of zinc. Fives Lille, the heavy industrial issue, added FFr5 to FFr432.50; one analyst said it was recovering from recent underperformance as well as facing speculation of a possible merger, while the nar-row market in the stock exaggerated its price movements. Ingenico dropped FFr13.50 to

FFr233.50 on news of a sharp fall in its first quarter sales. MADRID closed slightly higher, pushing the general index to another year peak. The index finished 0.47 points

There was strong hnying interest, both foreign and domestic, despite concerns about the inflation level, and the market can now test its

Endesa and Repsol found good support in the market. Repsol ended slightly lower, losing 4.5 points to 419.7 per cent of par value on selective profit-taking which was well absorbed, while Endesa finished 2 points higher at 282. AZSA, which reported first

day of the bourse account as interest continued to focus on select stocks amid worries over the dollar's strength. The CAC 40 index eased 1.75

to 1,677.19 and the OMF 50 index gave up 0.73 to 480.18. The bourse lost 1 per cent over the course of the account,

which began on April 21. Metaleurop had another busy day, rising FFr3 to FFr193

up at 310.82. all-time high of 328 reached in

July 1987," an analyst said. He pointed out that Madrid's underperformance compared with the rest of Europe in the past six to nine months had been followed by a string of sound corporate results, while interest rates appeared to have

reached e peak level. quarter profits up nine-fold at Pta5,019m, reflecting a strong zinc price, added 7 to 1,375.

MILAN closed mixed in light volume, as insurance issues went into decline and the unresolved political situation kept trading uncertain. President Francesco Cossiga continued to consult party leaders after last week's resignation of Prime

Minister Ciriaco De Mita. The Comit index edged 0.61 higher to 603,98 in volume esti-mated to be similar to Mon-day's L112bn worth of shares. Generali closed L50 down et L40,750, declining L225 to L40,575 after-honrs, and RAS

fell L400 to L28,300.

AMSTERDAM was discouraged by a weaker opening on Wall Street and share prices retreated. Many investors stayed away as the high dollar interest rate fears kept confidence low. The CBS ten-dency index fell 1.3 to 176.6.

VRG Groep, the paper wholesaler, gained 50 cents to Fl 62 after news of the success of its bid for VGC of Florida. ZURICH ended lower as dollar-related fears wiped ont all

of the gains seen in the previ-ous two sessions. The Crédit Suisse index lost 3.8 to 557.1. Zurich Insurance registered shares benefited from news of partial liberalisation of the registered stock, which rose SFr10 to SFr3.910. Its bearers lost ground, however, giving

up SFr130 to SFr4,700. BRUSSELS ended lower after series of dividend payments and profit-taking after a 10-day climb. The cash market index fell 20.34 to 6,061.58.

Utilities, in demand recently before several dividend payments yesterday, slumped across the board. Chemical group Solvay, however, continued its advance,

gaining BFr300 to BFr15.025. STOCKHOLM suffered from profit-taking, which broke its recent run of all-time highs.
The Affarvsvärlden general index eased 1.8 to 1,172.4.

Brazil's bouyant bolsa comes off the boil

Hilary de Boerr examines one of this year's best performing emerging markets

HE BRAZILIAN bolsa is taking a breathar, on Monday, share prices dropped by 5 per cent, a mere consolidation compared with the 143 per cent surge seen so

Profit-taking and a devalua-tion of the Brazilian cruzado lay behind Monday's losses, which took the Bovespa index down 0.58 points to 10.45 in dol-lar terms. But the small emerging market can still boast a six-month gain that already almost equals last year'e 149

per cent jump.

The bolsa's powerful performance has been largely domes-tically-driven, as a fall in inter-est rates has sent institutions and private investors looking for alternative sources of investment. Short-term interest rates have dropped to between 14% and 16 per cent from between 30 and 40 per cent in mid-January.

Turbulent **Hong Kong** recoups most of loss

By Michael Marray in Hong Kong

HONG KONG share prices rebounded strongly yesterday, with the Hang Seng index rising 261.08 points, or 9.3 per cent, to 3.067.65, regaining most of the ground lost in the Monday session, when 339.06 points were shed.

Turnover soared 22 per cent to a post-crash high of HK\$3.67bn, up from HK\$3bn on Monday. Brokers said that trading was characterised by buyers and sellers moving in and out for quick profits on a minute-by-minute basis, at one stage pushing the index to a high for the day of 3.125 before it dropped back again.

"It has heen very much two-way - we have seen some selling into strength on the way up," said Mr Barry Yates of brokers First Pacific Securi-ties, adding that he expected the market to remain turbulent for the rest of the week.

Mr Yates said the morning buy-back was spurred by news of the withdrawal of some army units in Peking, while rumours pointing to a victory for the reformers and the resig-nation of Prime Minister Li Peng had also buoyed senti-ment.

Mr Nick Peacock of Citicorp Scrimgeour Vickers said he expected some profit-taking to set in at current levels, hut that highly volatile movements were likely to continue for some time, scaring off many international investors. "The great volatility in the market itself detracts from the market's attractiveness overall,"

On the futures exchange, the nearest Hang Seng index contract, which expires in June, closed at a premium to the cash market, up 295 points at 3,110. A total of 3,750 contracts

SOUTH AFRICA

GOLD shares extended their opening rally in an active Tuesday afternoon eession. They recouped much of Monday's sharp losses as the bul-lion price recovered further to above \$365 and the dollar's

surge was interrupted. Comments by Mr Gerhard de Kock, Reserve Bank governor, that the gold price slump was no cause for panic, and that he saw no need for tighter monetary measures, also helped.

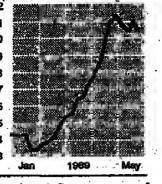
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The positive corporate out-Brazil look has aided sentiment, with average company earnings forecast to rise about 20 per cent this year and with Brazil-Bovespa Index (\$ terms) ian companies among the least indebted in the world. A shortage of stock - there have been few new issues in the past two years - has meant unsatisfied demand and continued upward pressure on share prices. Buying has focused on blue chips, and turnover has soared

daily turnover of \$170m last week compares with last year's \$40m to \$50m, helped by increased demand from pen-Brazilian pension funds now have an estimated 32 per cent two offshore funds open to forof their funds in equities com-pared with about 25 per cent at the end of last year, according to Mr Audley Twiston Davies of Brazilian Securities (UK), which runs the Brazilian eigners, who cannot invest

directly in Brazil.

The Government's anti-inflation package, the Summer Plan, has helped the economic picture since its introduction



in late January. The inflation rate has fallen considerably from pre-Plan levels of about 30 per cent a month, reaching 9 per cent last month after 6 per cent in March. Exports are booming, grain crops are fore-cast to be at record levels this year and private consumption is growing.
All this has boosted equities

considerably. The Brazilian Investment Company has jumped by 150 per cent in value since the year began. The Brazil Fund, listed in New York has manufally second 55 York, has meanwhile soared 55 per cent from its low reached in mid-December, and etill etands at a discount to net asset value of about 49 per cent after taking a knocking last year. Foreigners can also invest in Brazil through half a dozen domestic mutual

After a heated half-year. small clouds are, however, continue its upward trend.

gathering over the bolsa. November holds the promise of the country's first free presidential election in 29 years. and investor caution is likely

to set in. Mr Twiston Davies says: "Elections here in Britain are a scary thing and in Brazil they're a new thing, so there's bound to be a fair bit of volatil-

ity."
The current wage and price controls have fuelled labour unrest, hnt signs that Mr Fernando Collor de Mello, a middle-of-the-road candidate, could win the elections, are seen as good news for the mar-

While high share prices have spurred the inevitable profittaking and the elections are adding an element of uncertainty, analysts remain opti-mistic, believing Brazil will at least hold on to its gains if not

Nikkei falls as yen weakens further

sion funds

LATE index-linked buying helped reduce losses yesterday, after share prices had suffered their largest drop this year ear-lier in the day as the yen continned its seemingly endless fall against the dollar and as a rise in the official discount rate appeared to be imminent, writes Michiyo Nakamoto in

from last year's levels. Average

Tokyo.

The Nikkei average plunged sharply in early trading, losing more than 400 points to the day's low of 33,582.43. Buying from index funds and arbitrage on futures later helped the market rebound and the index closed 251.25 down at 33,816.61. The day's high was 34,043.35.

Declines far outnumbered advances by 708 to 205 while 174 issnes were unchanged. Turnover remained low at 725.9m shares, although this was an improvement over the 608m traded on Monday.

The Topix index of all listed shares lost 11.61 to finish at 2,507.85 and, in later London trading, the ISE/Nikkei index fell 4.17 to 2,015.41. Investors grew increasingly concerned about the situation

on the currency market, as no

amount of central bank inter-

vention seemed capable of sup-porting the yen in its fall against the dollar. The Bank of Japan had intervened for the seventh consecutive day in a dollar selling operation but to

no avail. On the interest rate front, a newspaper reported that the central bank had finally decided to raise the official dis-count rate by 0.5 per cent. This raised fears that such a small increase would not only be ineffective, but would cast a lingering cloud over the market, as speculation about fur-ther increases would drag on. Many analysts felt that the

continuing political troubles of the ruling Liberal Democratic Party, which has yet to find a successor to Prime Minister Takeshita, and the uncertainty surrounding Japan's official discount rate would keep institutional investors cautious for some time to come. Interest remained concentrated on ues with good profits and a low price earnings ratio. Two of the most actively sought stocks were Fuji Film and Canon, whose exports could

benefit from the rising dollar. Fuji was popular for its low p/e ratio of 21 while Canon was favoured for its high export

46 and record annual profits. Fuji eurged Y100 to Y4,040 and Canon added Y30 to Y1,800. Rohm, which makes custom linear integrated circuits,

advanced Y240 to a year high of Y3,790. The issue attracted interest as a laggard.

Other high-technology elec-tricals that had been selected recently failed to hang on to their gains. Toshiba, the top volume issue with 26.4m shares

traded, lost Y20 to Y1.360. Nippon Steel, second on the volumes list with 19.8m shares, declined Y4 to Y894. Tokyo Electric Power feli Y60 to Y6,000. Investors were concerned that the company would suffer from both the dollar's rise and higher oil prices after its introduction of a 2.9

per cent cut in electricity

prices which it had based on

an exchange rate of Y124 to the Share prices fell sharply in Osaka as investors sold large capitalisation issues such as steels and utilities. The OSE average declined 432.04 to 32,717.58 in volume up at 62m shares against 52m on Monday.

Roundup

ratio of 74 per cent at the end " CONSOLIDATION in Australia

of last year, a low p/e ratio of left the market slightly higher.
46 and record annual profits. while bargain-hunting helped

Singapore end little changed after early losses.
AUSTRALIA ran into consolidation after recent gains and ended only a little higher. The All Ordinaries index rose 3.5 to 1,583.7 in active turnover of

129m shares worth A\$286m. The banking sector suffered losses, with ANZ slipping 8 cents to A\$5.24 before its interim results, due today. News Corp performed well adding 60 cents to A\$14.85.

SINGAPORE was lifted of its lows by bargain-hunting in a fairly active session. The Straits Times industrial index had fallen 17 points by midsession as unit trust fund managers sold to cover losses in Hong Kong. Investors were also discouraged by a steep midsession fall in Tokyo. How-ever, the arrival of the bargain-hunters helped the index closed only 0.82 down at

TAIWAN .continued in record-breaking fashion, as it rose for a ninth session in a row. Turnover reached an all-time high of T\$130bn worth of shares, up from Monday's T\$108hn. The weighted index gained 89.87 to a record 9,221.47.

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PETROFINA

Highlights of the 1988 Report

Financial Highlights (Million Belgian francs)	1987	1968
Net income	17,544	20,191
Cash flow Capital expenditure	44,557 32,790	56.888
Sales and other revenues	439,014	64,505 500,445
Duties and taxes	. 111,474	133,108
Fixed assets (net of depreciation)	183,538	212,460
Operating Highlights	1987	1968
Crude oil production (thousand metric tonnes)	5.245	5,668
Natural gas sales (million cubic metres)	3,758	4,283
Crude oil processed in the Group refineries (thousand metric tonnes)	22.848	
Refined product sales (thousand metric tonnes)	30.057	27,100 33,680
Polymors and symmetic rubber production		~~,000
(thousand metric tonnes)	1.005	1.089

Report of the Board of Directors

Petrofina's share in the Group's consolidated profit for 1988 was 20,191 million Belgian francs (£308,851,000 or \$548,568,000), compared with 17,544 million (£287,103,000

\$543,569,000), compared with 17,544 million (£287,103,000 or \$409,808,000) in 1987, an increase of 15%.

This improvement was due mainly to the Group's chamicals division, where results reached new record levels. Downstream sector margins improved, particularly in the United States, and our refinence operated at full capacity. Despite an increase in production, low crude oil prices have reduced the upstream sector's contribution.

upstream sector's contribution.

This sector, however, has further strengthened its position in the United States by acquiring Tenneco's Texas and Louisiana onshore properties, which supplement our activities in these areas. This acquisition had the effect of doubling the Group's American reserves.

Two further salient features of the year were the Group's acquisition of our partner's share in the Antwerp refinery and the start of construction on the site of this refinery of a new steem cracker that will produce 450,000 tonnes of ethylene annually.

annually.

Consolidated turnover rose to 487 billion Belgian francs (£7,445,273,000 or \$ 13,223,983,000), an increase of 15%.

Cash flow was 56.9 billion Belgian francs (£870,205,000 or \$ 1,545,622,000), compared with 44.8 billion (£729,147,000).

or \$1,193,160,000) in 1987.

The Group's capital expenditure in 1988 was approximately 65 billion Belgian francs, compared with 33 billion in

1987. In 1989, new investment commitments will be of the same magnitude, whereas expenditure will total 50 billion Belgian francs.

Capital investment for the year of 65 hillion Belgian francs on a consolidated basis was 45.5 billion Belgian francs from cash flow, 6 billion Belgian francs from a reduction in working capital, 8.5 billion Belgian francs from an increase in long-term debt and the balance from the proceeds of assets sales.

Long-term debt amounted to 37 billion Belgian francs and total borrowings to 79 billion Belgian francs, an increase of 10 billion compared with 1987.

Shareholders' equity rose by 11 billion Belgian francs to 125 billion. The debt equity ratio was 63% compared with 60% in 1987.

Appropriation

At the General Meeting on May 12, 1989 the Board proposed the distribution of e dividend, net of withholding tax, of 400 Belgian francs per share, compared with 380 francs for the previous financial year. Taking account of the Issue of one bonus share for every ten shares held in October 1988, the net dividend for the 1988 financial year, is 440 francs per ordinary shares (and 470 francs per APV share).

Coupon No 4 is payable as from May 23, 1989 at the rate of 400 francs after tax for ordinary shares an 427 francs after tax for APV shares.

The English edition of the full Annual Report is available on application to Petrofina S.A., Public Relations, rue de l'Industrie 52, 1040 Brussels

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS _	_	MONDAY MAY 22 1989						FRIDAY MAY 15 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Olv. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)	
Australia (89)	134.78	- 1.5	126.43	120.80	+ 1.5	4.66	136.78	125.26	119.22	157.12	128.28	128.57	
Austria (78)	111.51	-3.0	104.60	116.53	- 0.8	2.22	114.91	105.23	117.52	124.18	92.84	86.33	
Belgium (63)	126.33	- 1.6	120.38	133.55	+0.2	4.08	130.77	119.75	133.35	137.10	128.33	121.03	
Canada (125)	137.53	-0.4	129.01	110.11	+ 0.0	3.32	138.05	126.42	719.11	138.05	124.67	115.76	
Denmark (38)	171.44	- 1.6	160.82	182.46	÷ 0.2	1.84	174.59	159.87	182,12	181.03	165.35	124.88	
Finland (26)	139.76	-3.2	131.10	131.15	- 1.1	1.60	144.44	132.27	132.59	159.16	125.81	131.77	
France (130)	112.85	- 1.7	105.86	120.42	+0.2	S.12	114.82	105.14	120.13	122.78	112.57	88.99	
West Germany (100)	79.63	-2.1	74.70	83.20	-0.1	2.43	81.37	74.51	83.31	90.40	79.63	73.69	
Hong Kong (49)	119.29	- 10.5	111.90	119.12	- 10.8	4.53	133.34	122.11	133.31	140.33	111.60	96.46	
Ireland (17)	138.32	- 3. <u>0</u>	129.75	146.32	- 1.2	2.88	142.62	130.60	148.04	151.36	125.00	124.62	
Italy (98)	75.38	- 1.3	70.71	82.02	+0.2	2.64	76.38	69.94	81.85	86.88	75.38	69.81	
Japan (455)	179.81	-2.2	186.48	161.27	+0.1	0.47	183.74	186.26	181:15	200.11	179.61	171.00	
Malaysia (36)	161.46	- 1.5	170.22	188.13	- 1.3	2.53	184.26	186.74	180.51	184.26	143.35	130.45	
Mexico (13)	209.10	+42	196.14	561.25	+4.1	0.90	200.63	183.73	539.30	209.10	153.32	150.97	
Netherland (42)	11245	- 1.5	105.48	116.25	+ 0.5	4.44	114.14	104.53	115.83	122.22	110.63	102.61	
New Zealand (24)	87.84	-20	63.84	60.69	-0.4	6.08	69.20	63.37	60.95	76.02	66.84	79.20	
Norway (26)	184.28	-0.2	172_87	180.72	+ 1.5	1.48	184.63	169.08	178.05	198.39	139.92	118,10	
Singapore (26)	158.25	- 1.3	148.44	143.44	- 1.1	1.69	160.33	146.82	144.96	160.35	124.57	109.65	
South Africa (60)	12\$. 5 7	 5.5	118.73	113.12	- 2.8	4.64	133.92	122.64	118.39	144.86	115.35	131.66	
Spain (43)	148.09	- c.s	138.91	140.57	+ 1.1	3.56	149.31	136.73	139.07	156,17	143,14	149.95	
Sweden (35)	157.73	- o.s	147.96	157.67	+ 1,1	2.16	158.65	145.29	156.01	162.00	138.45	123,46	
Switzerland (57)	68.61	- 1.8	64.36	76.27	÷0.2	2.43	69.85	63.96	78.10	79.76	68.61	76.42	
Jnited Kingdom (314)	142.11	- 3.9	133.30	133,30	- 1.5	4.30	147.85	135.39	135.39	153.33	134.53	136,94	
JSA (558)	131.21	+ 0.8	123.08	131.21	+0.3 .	3.41	130.87	119.85	130.87	131.21	112.13	102_23	
Europe (1008)	113.84	-2.7	106.79	113.47	- o.s	3.56	118.98	107.12	114,13	121.70	113.84	106,27	
Vordic (125)	150.43	- 1 .2	141.11	147.66	+ 0.6	1.93	152.32	139,48	146.81	155.81	137.95	115.12	
Pacific Basln (679)	175.41	-2.4	164.54	157.87	- 0.1	0.69	179.69	184.55	158.04	194.72	175.41	166.51	
Euro — Pacific (1687)	150.80	- 2.5	141.46	140.16	-0.3	1.58	154.63	141.60	140.52	164.22	150.80	142.42	
North America (683)	131.50	+0.2	123.35	130.46	+0.2	3.40	131.21	120.18	130.14	131.50	112.79	102.95	
Europe Ex. UK (694)	98.37	– 1.7	90.40	101.18	+0.2	2.98	98.01	89.75	100.94	105.29	96.37	87.30	
acilic Ex. Japan (224)	125.08	- 4.6	117.33	115.15	-3.1	4.41	131.09	120.05	118.88	137.65	123,48	112.38	
Norld Ex. US (1885)	150.14	-2.4	140.83	139.36	-0.3	1.66	153.07	140.91	139.72	162,77	150.14	141,40	
Vorld Ex. UK (2129)	142.41	- 1.8	193,59	136.89	+ 0.1	2.04	144,32	132.18	138.82	146.04	138.06	125.27	
Vorid Ex. So. Al. (2383)	142.47	~ 1.5	133.64	136,70	-0.1	2.23	144.68	132.49	136.81	146.65	138.82	126.26	
Vorid Ex. Japan (1988)	124.69	- i.o	116.97	123.84	-0.2	3.51	126.02	115.40	124.10	126.02	114.51	104.83	